

2014

FISCAL YEAR

ADOPTED BUDGET



Appendix



City of San Diego

Appendix

City Council Fiscal Year 2014 Budget Priorities	ATTACHMENT A
Memoranda that present City Council budget priorities for Fiscal Year 2014.	
FY 2014 City Council Budget Priorities	ATTACHMENT B
Office of the Independent Budget Analyst, Report Number 13-13 REV, dated March 18, 2013.	
May Revision to the Fiscal Year 2014 Proposed Budget	ATTACHMENT C
A memorandum that presents the Mayor's recommended revisions to the Fiscal Year 2014 Proposed Budget, dated May 21, 2013.	
Supplement to the May Revision to the Fiscal Year 2014 Proposed Budget	ATTACHMENT D
A memorandum that presents the Mayor's additional recommended revisions to the Fiscal Year 2014 Proposed Budget, dated June 5, 2013.	
Review of the FY 2014 May Revise and Recommended Revisions to the Mayor's FY 2014 Budget	ATTACHMENT E
Office of the Independent Budget Analyst, Report Number 13-23, dated June 5, 2013.	
City Council Fiscal Year 2014 Budget Priorities and Issues for Consideration	ATTACHMENT F
Memoranda that provide additional City Council Budget Priorities and issues for consideration for Fiscal Year 2014.	
Resolution R-308247	ATTACHMENT G
A resolution of the Council of the City of San Diego adopting the Fiscal Year 2014 budget, including approving the Mayor's Fiscal Year 2014 Proposed Budget, the May Revision to the Proposed Budget, the Supplement to the May Revision, and the Independent Budget Analyst's recommended revisions to the Proposed Budget and other changes as approved by the City Council.	
Resolution R-308398	ATTACHMENT H
Resolution of the Council of the City of San Diego adopting the Statement of Budgetary Principles with respect to administration by the Mayor of the Fiscal Year 2014 Budget.	
Appropriation Ordinance O-20289	ATTACHMENT I
An ordinance adopting the annual budget for the Fiscal Year 2014 and appropriating the necessary money to operate the City of San Diego for said fiscal year on July 30, 2013.	

Appendix

Legislative Budget Actions

The Fiscal Year 2014 budget process began with the release of the Mayor's updated Five-Year Financial Outlook. The Five-Year Financial Outlook for Fiscal Years 2014 - 2018 provided guidance and structure for the creation of the Fiscal Year 2014 Adopted Budget, as well as a forecast for the four subsequent years. The Outlook was released by the prior Mayoral administration on October 24, 2012, and was reviewed and analyzed in a report released by the Office of the Independent Budget Analyst (IBA) on November 19, 2012.

The creation of the Fiscal Year 2014 Proposed Budget was a combined effort undertaken by the Mayor's Office and City Departments. The Fiscal Year 2014 Proposed Budget was presented to the City Council on April 16, 2013. Subsequent to the presentation of the Proposed Budget, a Public Hearing was held on May 22, 2013, and six public hearing meetings were held by the Budget Review Committee in order to provide the public with an opportunity to provide feedback on the Proposed Budget as well as to hear Council discussion about the budget proposal.

On May 21, 2013, the Mayor issued a May Revision to the Proposed Budget. Subsequently on June 5, 2013, the Mayor issued a Supplement to the May Revision to the Fiscal Year 2014 Proposed Budget, which included estimated changes to the proposed budget based on tentative agreements reached with all six recognized labor organizations regarding terms and conditions of employment for Fiscal Year 2014.

To help the Council in their deliberations on the Mayor's Proposed Budget, the May Revision, and the Supplement to the May Revision, the IBA issued reports that analyzed the budget and took into consideration Council priorities. On April 29, 2013, the IBA issued a response to the Fiscal Year 2014 Proposed Budget, followed by its report on June 5, 2013 that offered recommendations for revisions to the Fiscal Year 2014 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 the IBA Reports and recommendations.

On June 10, 2013, the City Council approved and ratified the tentative agreements between the City and the six recognized labor organizations. On June 10, 2013, the City Council also approved the Fiscal Year 2014 Budget that included the Fiscal Year 2014 Proposed Budget, the May Revision to the Proposed Budget, the Supplement to the May Revision, the Independent Budget Analyst's recommended revisions to the Proposed Budget and other changes as approved by the City Council.

On July 17, 2013, the Fiscal Year 2014 Appropriation Ordinance was presented to the Budget and Finance Committee, and was introduced and adopted by the City Council on July 30, 2013.

Title 1



CITY OF SAN DIEGO
COUNCIL PRESIDENT PRO TEM SHERRI S. LIGHTNER
DISTRICT ONE

MEMORANDUM

DATE: March 1, 2013
TO: Andrea Tevlin, Independent Budget Analyst
FROM: Council President Pro Tem Sherri S. Lightner
SUBJECT: Fiscal Year 2014 Budget Priorities

Despite a projected budget deficit for the upcoming fiscal year, I remain cautiously optimistic that the economic recovery and the impacts of our financial reforms will continue to improve our budget outlook. We must maintain careful stewardship of our finances, continuing to take advantage of opportunities for additional savings or new revenue while looking for opportunities to restore city services that have been drastically cut in recent years. I look forward to a robust public input process during the development of this year's budget.

Budget Priorities

My FY14 budget priorities are public safety (police, fire-rescue and lifeguards), parks and recreation, libraries, streets and workforce training.

Priorities for Additional Investment

1. Improve Infrastructure
 - a. Increase funding for deferred capital projects, including streets and other infrastructure.
2. Restore and Improve Service Levels
 - a. Restore police civilian positions cut in previous budgets, including Police Service Officers and Investigative Aids.
 - b. Continue to increase cadet positions at police, fire and lifeguard academies to at least the minimum level needed to keep up with attrition.
 - c. Increase lifeguard boating safety unit staffing.
 - d. Reinstate one lifeguard per day during the twelve week summer season at Windansea beach.

Attachment A

Page 2

Tevlin

March 1, 2013

- e. Maintain existing library and recreation center hours. As the City's financial situation improves, more should be done to increase recreation center hours and library hours using the Library Ordinance requirements as a goal.
- f. End rotating pool closures.
- g. Improve city web functions for businesses.
- h. Funding for community plan, PDO and city charter updates.
- i. Reorganization to create independent departments for both Planning and Economic Development.
- j. Continued funding for youth workforce training, including the addition of a full time employee for a Youth Development Director.
- k. Funding for graywater education and outreach.
- l. Funding for the San Dieguito River Park Joint Powers Authority.

Priorities for Continued Savings or Additional Revenue

The following are additional opportunities for savings or increased revenue, some of which have not yet been evaluated or implemented.

- 1. Expand use of alternative work schedules, such as 4/10, flexible work scheduling, and telecommuting.
- 2. Partner with other agencies, such as county, state, federal and other local governments.
- 3. Establishing cost recovery agreements with other local agencies and institutions.
- 4. Improve fairness for City-licensed businesses by reducing fees for responsible businesses while increasing fines for negligent businesses.
- 5. Expand the use of matching programs for gifts.
- 6. Assure that special event organizers comply with their City permits.
- 7. Expand use of volunteers.
- 8. Continue to implement marketing partnerships.
- 9. Consolidate City office space and eliminate the use of underused rental space.
- 10. Seek grants or other sources of funding to do energy retrofits for all City buildings for affordable energy and operational savings as well as providing job opportunities to local green businesses.
- 11. Seek grants for graywater installation at city facilities.

If you have any questions, please don't hesitate to contact my office at (619) 236-6611.

cc: Mayor Bob Filner

SL/jm



**COUNCILMEMBER KEVIN L. FAULCONER
CITY OF SAN DIEGO
SECOND DISTRICT**

M E M O R A N D U M

DATE: March 1, 2013

TO: Andrea Tevlin, Independent Budget Analyst

FROM: Councilmember Kevin L. Faulconer 

SUBJECT: Fiscal Year 2014 Budget Priorities

I am proud of the tough decisions the City Council has made in recent years to guard taxpayer dollars. The City of San Diego is in an improved financial position because of the City Council's commitment to sound financial practices, which must continue to ensure a strong economic future for San Diegans.

Accountable Budget Practices

On February 22, 2010, the City Council voted and approved the Guiding Principles for Structural Budget Elimination Plan, which created guiding principles to solve the City's structural deficit. Fiscal Year 2014 is projected to have a \$40 million deficit. It is imperative that any budget proposal is consistent with this guide, most importantly Principle 5, "one-time resources should be matched to one time expenditures."

Responsible financial decisions to adequately fund City reserves have played a vital role in stabilizing City finances. The utilization of reserves for ongoing expenditures is an imprudent financial practice that could increase the City's borrowing cost as well as compound future structural deficits.

In anticipation of the \$40 million deficit in Fiscal Year 2014, the City Council should consider the benefits of deferring the \$3.6 million mid-year surplus to retain additional flexibility to balance the FY14 budget.

Eliminating Waste and Identifying Efficiencies through Managed Competition

Managed competition was overwhelmingly approved by voters in 2006 and is a proven method for identifying departmental efficiencies that save taxpayers millions of dollars and can be reinvested into vital neighborhood services. I encourage my colleagues to join me in urging the Mayor to proceed with the four managed competitions that are ready for committee review. I support allocating additional resources for the Human Resources Department so there is adequate staff assigned to the program to prevent any further delays in the implementation of this critical program.

Attachment A

Andrea Tevlin, Independent Budget Analyst
March 1, 2013
Page 2

Repairing Streets and Public Assets

The City Council must continue to make its \$900 million deferred capital maintenance backlog a top priority. San Diego neighborhoods are depending on the funds that will be raised through the next deferred capital maintenance bond as outlined in the Five-Year Financial Outlook. This capital investment is imperative for restoring City facilities. In addition to capital funding, I support additional funding for operating and maintenance for streets, storm drains, and facilities. This additional funding is essential to prevent a 5-10% deterioration of the City's capital assets over five years.

Reinvestment in Public Safety

The retention and recruitment challenges faced by the San Diego Police Department highlights the need for increased investment in the City's policing function. After years of service reductions in the department, it is important to prioritize opportunities discussed in the department's five-year plan to enhance operations and officer retention.

I support the full restoration of police academies to ensure the City is adequately addressing attrition in the department. I encourage further exploration of cost-saving ideas including modifications to holiday compensation, changes in pensionable pay items, and potential changes to long-term disability plans. These savings could be reinvested into other high priority areas of the department. Further research should be completed to identify possible cost savings associated with the elimination of civilian furlough in the department since these positions are backfilled with overtime.

Protecting Tourism Economy

The local tourism industry employs 160,000 San Diegans, generates \$18.3 billion in economic impacts and provides approximately \$151 million annually to the City's General Fund. The Tourism Marketing District is vital to growing this essential industry and is a proven economic engine. Growth in the tourism industry increases revenues for the City that can be used for filling potholes, public safety, and other core neighborhood services. I urge my colleagues to join me in protecting neighborhood services and local jobs by promoting the tourism industry.

I look forward to working with my colleagues to achieve these goals and continue to keep our City on stable financial ground.

KLF:kj



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

M E M O R A N D U M

DATE: March 1, 2013

TO: Andrea Tevlin, Independent Budget Analyst

FROM: Council President Todd Gloria, Third Council District *Todd Gloria*

SUBJECT: Council District Three Budget Priorities for Fiscal Year 2014

The following items are my priorities for the FY 2014 City budget. I offer these recommendations with fiscal constraint in mind as we continue to meet our long term financial obligations and live within our means. I further offer these recommendations while advocating for continued reforms that will result in efficiencies, service excellence, improved quality of life, and taxpayer savings.

FY 2014 BUDGET PRIORITIES

PUBLIC SAFETY: POLICE, FIRE, INFRASTRUCTURE, CODE COMPLIANCE, ETC.

- **Police.** Residents in our core urban communities are increasingly alarmed by the number of robberies, assaults and other violent crimes in their neighborhoods. Several key preventive steps will help address these concerns, such as continued support and funding for Community Service Officers, Community Relations Officers, the Multicultural and other Neighborhood-based Police Storefronts, as well as continued investment in graffiti eradication. We must also continue to make the recruitment and retention of highly-qualified police officers a financial priority.

In addition, I am convinced there is cost benefit in restoring civilian positions. The elimination of these critical positions over the years has resulted in slower police non-emergency response times, additional overtime costs, decreased revenues from permit and fee collections, case back-logs and other impacts. The restoration of civilian staff will allow existing sworn officers to return to patrol duties and will also address findings in a previous performance audit of the Permits and Licensing Section of the Department. I would support a budget consistent with the Department's Five-Year Plan which incrementally adds 20 "high priority" civilian positions to the City workforce.

- **Fire-Rescue.** We have learned painful lessons from the tragic wildfires and the decommissioning of fire engines and must invest as much as we can in fire prevention and fighting resources. For these reasons, I would support the addition of a fire academy (cost of approximately \$1,050,000) to help the City maintain an appropriate level of staffing to keep our residents and visitors safe.

Attachment A

In addition, I would continue to support the use of one-time resources to ensure the complete installation of a new fire station alerting system and the replacement of outdated marine rescue vessels to safeguard San Diegans and visitors along our coastline.

- **Infrastructure.** Smooth roads and reliable sewer and water pipelines are also critical public safety issues. As the Council considers alternatives for ongoing financing of our municipal infrastructure and closing infrastructure deficits, it must prioritize the maintenance and upkeep of its current assets. I ask that the Mayor develop a plan to continually monitor the condition of our assets and request that one-time resources be identified to perform condition assessments. These assessments provide thorough and cost-effective analysis of building and other infrastructure conditions, assist in prioritizing projects, and help to develop successful multi-year capital improvement plans that address the true needs of our neighborhoods. Most important, the ongoing maintenance of this asset management data will assist in the development of future budgets and investments and will address community parity and equity issues by delivering credible and defensible data.

I continue to support our long-term deferred capital projects bond program. Should additional funding be identified, I would recommend increasing cash funding of deferred capital projects.

These focused investments and systemic reform will take us one step closer to achieving a sustainable capital infrastructure and maintenance program so that the City no longer falls behind in caring for its assets.

- **Neighborhood Code Compliance.** The Neighborhood Code Compliance Division of the Development Services Department administers programs designed to protect the public's health, safety, welfare, and property value through enforcement of the City's ordinances and State/Federal laws relating to land use, zoning, housing, public nuisances, graffiti abatement, and vegetation/fire hazard abatement. For too long, the staffing levels in the Division have been dismal and enforcement priorities have been adjusted downward to keep pace. I ask that the resource capacity of the department be analyzed and considered for additional funding in FY 14.
- **Urban Forestry Program/Citywide Tree Maintenance.** Over the years, as the City faced budget woes, trimming of trees in the public right of way was one of the services eliminated. This has proven to be problematic, and often, a public safety matter in my Council District. Recommendations for a Citywide Urban Forestry Program and funding for uniform maintenance of trees on public property should be included in the FY 14 budget.

NEIGHBORHOOD SERVICES: LIBRARIES, PARKS AND RECREATION, ETC.

The coming year's budget must seek to improve the current levels of services to citizens that are key to quality of life, especially in older, urban areas of the City. There should absolutely be no reduction of hours or personnel at parks and recreation centers or libraries.

- **Libraries.** It is clear that the public highly values these facilities. I would support a budget that increased operating hours and services such as electronic resources at branch libraries in the City. Service levels at libraries can also be improved by filling vacancies in a timely manner. I request that the department be fully staffed and resourced at its budgeted levels in FY 14.

- **Parks and Recreation Centers.** There are numerous community benefits created by parks and recreation centers. They make communities desirable places to live, work, play, and visit, thereby contributing to the ongoing economic vitality of communities throughout our country. The programming promotes healthy lifestyles, deters crime, and helps our youth develop into contributing members of our communities; and the greenways and open spaces are critical components to protecting and preserving our natural environment. For these reasons, I would support a budget that increased operating hours at the City's recreation centers. Service levels at recreation centers can also be enhanced by immediately filling vacancies. I request that the department be fully staffed and resourced at its budgeted levels in FY 14.

JOB CREATION AND ECONOMIC DEVELOPMENT: REDEVELOPMENT, LAND USE, AFFORDABLE HOUSING, HOMELESS PREVENTION

- **Redevelopment.** The City continues to face fiscal challenges as a result of the dissolution and unwinding of the City's Redevelopment Agency. Estimated impacts to the budget are unknown at this time, but could possibly impact the annual debt service to Petco Park and costs associated with the expansion of the Convention Center Phase II, to name a few. Despite this uncertainty, we do know that the City has lost a dedicated funding source for neighborhood investment, blight removal, and revitalization.

I encourage the Mayor and Council to collaborate to expand the work and services performed by Civic San Diego to allow them to continue the work of the former Redevelopment Agency. I request that additional one-time resources be granted to Civic San Diego and that their corresponding Consultant Agreement and Bylaws be amended, to support the development of a Public/Private Investment Fund, their application for Federal New Market Tax Credits and other innovative financing sources, and expand economic development opportunities throughout the City.

- **Community Plan Updates.** I would support a budget that recommended continued funding for the updating of community plans. These plans serve as community-specific "Land Use Constitutions" and establish the vision for long-term growth. As we continue to grapple with the elimination of redevelopment agencies, this is a wise investment to keep these plans updated in order to attract investment and appropriate infrastructure and development to our neighborhoods.
- **Affordable Housing Funding.** Due to the impacts of the State's elimination of redevelopment and as the state-issued Proposition 1C bond proceeds run out, it is necessary now, more than ever, to explore new, additional or enhanced sources of funding for the preservation and development of affordable housing.
- **Public Facilities Financing Plans.** The City's Capital Improvements Program hinges on effective Public Facilities Financing Plans (PFFP). I request that updated PFFPs be brought forward for Council consideration in advance of the release of the FY 14 budget. For example, the Mid-City PFFP update was completed approximately four years ago. The City adopted the FY 2010 budget without first adopting the new PFFP, and we're nearing adoption of the FY2014 budget, also without benefit of the new PFFP. Approval of these plan updates could result in additional revenue for the Facilities Financing Division and also increase their reimbursement of administrative expenses from Development Impact Fees.
- **Infrastructure Financing Districts/Special Assessment Districts.** The City should fund an adequate level of resources to assist individual neighborhoods in the formation of special assessment districts. With the elimination of redevelopment tax increment, this is

Attachment A

an investment the City can make to allow each neighborhood to determine the level of City services and infrastructure they are willing to fund on their own.

- **Emergency Homeless Winter Shelter/Neil Good Day Center/Other Homeless Services Funding.** Consistent with the Memorandum of Understanding between the City of San Diego and the San Diego Housing Commission for the Provision of Homeless Services, funding for the Neil Good Day Center, the Veterans Shelter Program, Cortez Hill Family Center and the annual contribution to Connections Housing should continue through the CDBG Program in an amount not to exceed \$13,118,078. Additionally, new funding from the General Fund in the amount of \$550,000 should be allocated in the FY 14 budget to continue the Single Adult Winter Shelter, which does not have any funding currently identified. In addition to the direct benefit of helping break the cycle of homelessness, the positive impacts for the City are great. Without these critical services, San Diego's homeless would have no choice but to spend days on the streets of local neighborhoods, decreasing the likelihood of obtaining needed services and potentially increasing the need for law enforcement and Neighborhood Code Compliance activities.

RESPONSIBLE GOVERNANCE

- **City Reserve Policy.** With the adoption of an updated Reserve Policy for the City, the Council and the Mayor established prudent goals for allocations to reserve accounts in order to ensure that emergencies and unanticipated economic circumstances, particularly State and Federal budget impacts, would not pose insurmountable challenges. We must rigorously adhere to these goals for providing "rainy day" protection for the City.
- **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 annual budget process. I urge the Mayor to adhere to this practice. Annual inflationary or other technical adjustments to fees should be considered each year as part of the budget process. The City must achieve 100% cost recovery for programs and services that are intended to be fully cost recoverable through fees.
- **Compliance with Mandates and Other Best Practices.** On several occasions in the past year, the City has found itself unable to meet its responsibilities to monitor, audit, and review its activities. In a number of cases, lack of sufficient staffing has been given as the reason for this failure. We must provide sufficient funds for staffing for such activities as producing the City's annual audits, maintaining prudent internal controls on financial transactions, ensuring equal opportunity in our contracting program, and complying with the requirements of all state and federally funded programs.
- **Fill Existing, Already Budgeted Vacancies.** Provide adequate workforce and staffing levels as necessary to meet our obligations and deliver core City services. The City must aggressively fill vacancies and find efficiencies in the recruitment process to ensure that the workforce is staffed at budgeted levels. Proper staffing will result in higher quality service delivery and overall performance.
- **Transparency, Reform, and Efficiencies.** The Mayor and City Council must continue to examine departments for greater efficiency and innovation. Examples include the continued streamlining of Capital Improvements Program to complete projects at a quicker pace, diversify the workforce and increase City staff capacity, the implementation of Labor Management Committees and Business Process Reengineering to achieve

immediate efficiencies and taxpayer savings. I also support and encourage efforts to make the City's website more business and user friendly.

OTHER ISSUES FOR CONSIDERATION

- **Purchasing and Contracting Department Staffing and Resources.** The Purchasing and Contracting Department interacts as a customer service department to the City and vendors. The department ensures the competitive process is utilized for best price and highest quality while conforming to purchasing regulations. The Department must be properly staffed and resourced in the FY 14 budget so it may provide for efficient and orderly administration of all purchasing and contracting activities.
- **Encourage Corporate Sponsorships and Public-Private Partnerships.** The City should continue to explore innovative ways and revisit existing codes and policies in order to encourage the private industry to partner with the City. These Partnerships are sure to benefit our taxpayers and strengthen our General Fund.
- **New Revenues.** It comes as no surprise that with the current revenue structure, the City has insufficient income to maintain services at the levels desired by our constituency. This was the case even during healthier economic times. The public has indicated they will no longer accept reduced levels of neighborhood services. I urge the Mayor and my colleagues to begin discussions regarding a potential Infrastructure Financing Bond to narrow our focus on revenue options that would best serve our infrastructure needs.
- **2015 Balboa Park Centennial.** Council Policy 100-03 indicates that recommended funding levels for all categories and specific program funding for Citywide Economic Development, Safety and Maintenance of Visitor-Related Facilities, Capital Improvements, and Major Events will be made by the Office of the City Manager/Mayor. I ask that Transient Occupancy Tax funding be identified to assist in the planning effort for the 2015 Centennial Celebration in Balboa Park. Additional funds should be added in FY 14 and each year thereafter. The funds should be recommended for deposit into the Major Events Revolving Fund so that it may be used to cover permitting costs and other City expenses for the Celebration.

In addition to Council District Three Budget Priorities, I have attached my priorities for FY 14 Transportation TransNet Funding ([Attachment A](#)).

Lastly, as the interim supervisor over the Fourth Council District Office, I am pleased to submit budget priorities on its behalf (Attachment B). These priorities have been developed by Council District Four staff in consultation with the District's residents.

Thank you for your guidance in consolidating our priorities. This process will ensure that Council once again asserts its role early on, resulting in a more collaborative, better informed and more effective budget process. I look forward to working with you, the public, my Council colleagues, and the Mayor to develop another responsive and responsible budget for the next fiscal year.

TG:pi

Attachments

Attachment A



CITY OF SAN DIEGO OFFICE OF FOURTH COUNCIL DISTRICT

DATE: March 1, 2013

TO: Todd Gloria, Council President

FROM: Jimmie Slack, Chief of Staff, Fourth Council District

SUBJ: Budget Priorities for Fiscal Year 2014 Budget

Several constituents have contacted your office and our office asking that I provide you with a memo requesting your inclusion of Council District Four FY 2014 budget priorities in Council budget memos to the IBA. Budget priorities from Council District Four have been communicated to me by various community members of the District and are included in this memo.

Council District Four's request is a balanced budget which addresses the needs of the citizens of San Diego and incorporates to the fullest extent possible, their following priorities:

Public safety funding which maintains and improves our Police and Fire-Rescue departments including fully funding our 35 member police academy classes; and increasing police department staffing in a manner that get's more officers on the streets and increases the opportunities for the department to arrest and solve gang violence crimes including murders in District Four. A further priority is adequate funding for the Fire- Rescue department to ensure we do not decrease services and return to the days of "brown-outs" and compromised life guard services.

Library and Park and Recreation services which maintains the service level hours restored in FY13 and possibly increasing hours if feasible. Continuing to move toward providing library and park and recreation center hours equal to or better than the service levels we had in the early 2000's is very important to the families and children of Council District Four.

Infrastructure improvements are among the most frequent priorities mentioned when talking with District Four residents. More funds to repair our streets, fix our sidewalks, add new street lights, and replace water and sewer pipes which are long past their service life, are being requested. However a strong new, yet old,

theme is also recurring. The residents of District Four want new sidewalks in neighborhoods that have been without sidewalks for decades.

Economic development is also a recurring theme. I cannot stress how important it is to ensure the Southeastern Community Plan Update is fully funded including the environmental impact report. Ensuring Civic San Diego remains viable and assisting with economic development in the Fourth District communities is a major prong to the multi-pronged approach necessary to enhance economic development in the District.

We are well aware that the funding for capital improvement projects (CIP) is limited. However planning groups from throughout the city held public hearings in their respective planning group areas and received recommendations for capital improvement projects. The combined list of over 200 recommendations was forwarded to the Transportation and Stormwater department for funding consideration. Kenneth Malbrough, Chair of the Encanto Planning Committee led the efforts for District Four. Their recommendations are included below. As funding sources are developed and/increased via bond financing, Transnet, development impact fees, general fund etc. we would like to have the following projects continued or added:

New sidewalks (particularly in the communities of Encanto, Emerald Hills, Valencia Park, Skyline, and O'Farrell as outlined in the planning committee report).

Charles L. Lewis Park

Dr. Martin Luther King Way street beautification project.

Construction of Fire Station No. 32 - Skyline North Fire Station

North Chollas Community Park phase II development

Valencia Park Mini Park Acquisition and Development

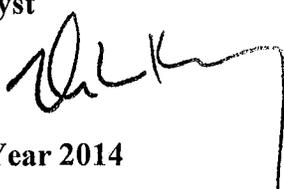
Cielo & Woodman Pump Station replacement

We commend and thank you for your outstanding efforts in ensuring District Four continues to be represented until the new Councilmember is sworn in. Your submission of Council district Four's FY 14 budget priorities for inclusion in Budget Committee and Council discussions, is greatly appreciated.



City of San Diego
MARK KERSEY
CITY COUNCILMAN, FIFTH DISTRICT

MEMORANDUM

DATE: March 1, 2013
TO: Andrea Tevlin, Independent Budget Analyst
FROM: Councilman Mark Kersey 
RE: Budget and Finance Priorities for Fiscal Year 2014

In response to the Council President's February 11th, 2013 memorandum, I respectfully submit for Council consideration the following budget and finance priorities for Fiscal Year 2014. However, it is imperative the City first address what is projected to be a \$40 million budget deficit in Fiscal Year 2014, which begins July 1st of this year. It appears the City is beginning to emerge from what is likely the worst fiscal crisis in modern memory. I understand that we will have more information on the extent of this year's deficit as well as future years' deficits when the Mayor releases his Proposed Budget on April 15th. We must continue to be fiscally responsible, maximizing revenue-neutral solutions, creating cost-saving efficiencies, and restoring services in a fiscally prudent manner. I look forward to working with Council President Gloria, my fellow Council Members, and Mayor Filner, to address the anticipated budget deficit we face, and to determine our ability to work on other priorities, as listed below:

Conduct Infrastructure Assessments. In order to determine the full scale of our infrastructure needs, the City must conduct a condition assessment of our various assets. A condition assessment of our City's nearly 1,600 buildings would cost the General Fund at least \$1 million. Funding for the Citywide facility assessment is available for FY 14 through the following funding adjustments: \$300,000 in one-time moneys from the remaining FY 13 fund balance identified in the mid-year budget monitoring report and \$700,000 in first-year savings from an

effort to identify 5% budget efficiencies in the Facilities Division equivalent to those that managed competition would produce. Funding for a comprehensive sidewalk assessment is available with a one-time dedication of the \$875,000 in on-going resources produced by the street and sidewalk maintenance managed competition.

Provide for Infrastructure Maintenance. According to the most recent deferred capital funding plan adopted by City Council, the City is currently \$30 million short of keeping its existing street, storm drain, and facility infrastructure from deteriorating an additional 5-10% this year.

A one-time utilization of \$3.6 million of the SDG&E settlement money, which backfills the amount we have not collected from SDG&E franchise fees in FY 13, should be applied towards facility maintenance. \$3.0 million of this amount should go towards maintenance and repair of city buildings such as fire stations, recreation facilities, and libraries, and the remaining \$0.6 million should go towards maintenance of our police facilities as requested in the FY 14 component of the Police Department's 5-year plan. Further, the City should dedicate the \$1.1 million it expects to receive in FY 14 from the Council adopted Street Preservation Ordinance Street Damage Fee to street maintenance. Lastly, in order to identify on-going resources that can be permanently directed towards critical stormwater infrastructure, which protects the water quality of our beaches and bays, the City should complete the implementation of the stormwater operations and maintenance managed competition.

Accelerate Infrastructure Delivery. In order to ensure the City's Public Works Department can manage and deliver infrastructure projects as efficiently and expeditiously as possible, the City should contract an efficiency consultant, similar to the type of consultant the City has provided in the past for preparing employee proposals under the managed competition program. Even a 5% savings through increased efficiency would free up \$3 million dollars in ongoing resources for the department to deliver capital projects. The one-time costs of an efficiency consultant could be funded through some of the first year savings in the department.

Improve Public Safety by Restoring Police Resources. The Police Department needs an additional \$10.4 million just to implement year 1 of their 5-year plan to get back to 2009 staffing

Attachment A

levels. Much of the first year need can be funded through the following: on-going efficiencies identified by employees in the department; the approximately \$1 million in local public safety grants the City may be eligible for from the Budget Act of 2012 adopted by the State of California; future tobacco securitization revenue; and by using the \$6.9 million in one-time revenue that is currently proposed to be set aside for the CAD system. I fully support the CAD system, and voted for its development and implementation at the February 13th Public Safety and Neighborhood Services Committee, but at this time there does not appear to be sufficient justification for setting aside the entire \$6.9 million in FY 14, as the department's 5-year plan indicates it does not plan to use the money until FY 17. Because the CAD system will be in place for many years, it is more appropriate to finance it over a 7 or 15 year timeframe. This would more equally spread the costs amongst beneficiaries while also freeing up resources to provide necessary public safety services today. I support providing necessary start-up resources in FY 14 to develop the proposal for CAD implementation and encourage the department to bring forward a financing plan for Council's approval as soon as reasonable.

Maintain the Parks. A better use of the \$500,000 proposed in the mid-year budget monitoring report for a Balboa Park Traffic Management Plan would be for park maintenance. Based on the City's current contracting processes, the traffic management plan is unlikely to be conducted by the end of the current fiscal year. The City should dedicate those funds instead towards proper fertilization of our City's parks during the upcoming fiscal year. City parks are a treasure, valued by residents and visitors alike, and should be properly maintained.

Support and Promote the Enterprise Zone Program. Last year the state approved an expansion of the Enterprise Zone in the San Diego region. Raising awareness of the program in the expanded area and maximizing participation by local companies is a key to our business attraction, expansion, and retention efforts. An Enterprise Zone Marketing position should be added to Economic Growth Services in the Development Services Department. This position could be fully funded by Enterprise Zone Program revenues which would have no impact on the General Fund.

Dedicate A Labor Relations Officer for Negotiating Employee-Driven Business Efficiencies.
The City should provide one dedicated position in the Labor Relations Division to negotiate with

labor representatives over implementation of efficiencies identified by employees, whether through managed competition or some other avenue that achieves the same outcome more rapidly. This position in Labor Relations would pay for itself by accelerating implementation of creative ideas for more efficient government generated by City employees.

Maintain Reserves. The City will fall short of fully funding our workers compensation reserve target for FY 13 by approximately \$4.8 million. In an uncertain economy, the City must maintain fiscal discipline by setting and meeting appropriate reserve targets each year. After March 31st, 2013, the City will receive one-time revenues of around \$3.5 million from the SAFE program as a result of AB 1572. These restricted funds could be used to relieve the General Fund of other expenditures. The resulting General Fund relief could bring the Workers Compensation Reserve Fund closer to the target that the City Council had set when it adopted the FY 13 budget. I have already requested that the Budget and Finance Committee discuss and update the City's overall Reserve Policy, and I would respectfully request this discussion occur before we consider the FY 14 budget proposal.



M E M O R A N D U M

DATE: March 1, 2013
TO: Andrea Tevlin, Independent Budget Analyst
FROM: Councilmember Lorie Zapf- Council District 6
SUBJECT: Budget Suggestions for FY 2013/2014

In addition to resolving the upcoming budget deficit the City should consider a series of small targeted increases in services. I also believe that we should rollover some of the surplus from this current fiscal year to resolve next year's deficit. Below is a list of Council District 6 priorities and identified savings options (not in a ranked order) that I would like to see included in the upcoming budget discussions:

- 1. *Use Anticipated IT Contract Savings to Fund Online Services:*** As we requested last year the City should consider how to use some of the savings that will be secured in this budget year from the IT switch over to putting more services online as a way to create transparency and increase customer service. 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.¹ For these reasons, it is imperative that we do everything we can to help and encourage small business growth. As part of last year's budget the City re-instituted a small business liaison position within DSD to help small business owners to expand, improve, and grow their businesses.
- 2. *Implementation of Penny for the Arts:*** TOT revenues have been a bright spot in the City's financials but even as TOT, which is the funding source for our arts and culture program, has recovered, arts and culture funding remains at half of what it was in 2002. The City Charter specifically identifies supporting arts & culture as a core city service. Additionally, it is an investment that generates revenue for the City and that investment yields a significant return – because of revenue generated from TOT, from sales tax, and more. The return on our investment in the arts is how we fund neighborhood services, public safety, and infrastructure. If San Diego doesn't offer these options to our tourists, they will travel elsewhere. They're ready to stay twice as long and spend twice as much as an average tourist. They should be doing that here, not in LA or San Francisco. The plan approved by Council calls for a \$3 million increase in spending this year. We would strongly urge the Council and Mayor to implement the plan that was approved by Council.

¹ City of San Diego Economic Development Department. Small Business Assistance website. www.sandiego.gov/economic-development/business-assistance/small-business/

3. ***Police Five Year Plan:*** I would urge the Council to move forward on implementing the Five Year Plan for the San Diego Police Department. I know that increasing the Police Department Budget by \$11 million in lean budget times is a big ask but public safety has to be our number one priority as a city. In order to enable the plan to move forward I would encourage my Council colleagues to consider appropriating the majority of the approximately \$3.5 million in SAFE funding that will be coming to us in the next few months to priorities contained within the plan. There are a number of equipment needs, capital needs and even the Computer Aided Dispatch System that fit within the intent of AB1572.
4. ***Decrease SDCERS Overhead Costs:*** An audit performed last year by the Office of the City Auditor demonstrated that overhead costs from SDCERS were considerably higher than other like-sized systems. It behooves the Council and the City Attorney to negotiate with SDCERS to bring these costs down. Because some of the costs are tied to existing litigation, the City in closed session should determine via cost analysis the viability of the litigation. Decreasing the overhead costs could save the City several million dollars.
5. ***San Diego River Park Master Plan:*** In April the Land Use and Housing will be hearing the City's San Diego River Park Master Plan. The City should heed the recommendation of the Park and Recreation Board and add a Project Director position to Park and Recreation or to Development Services to implement the approved Master Plan. It is critical that the City have a dedicated person to coordinate with property owners, public agencies and non-profits that own property or are working in the San Diego River basin.
6. ***Reform of Purchasing and Contracting:*** The City Auditor has issued a performance audit of the Purchasing and Contracting Department that identified several issues. While I am not usually supportive of funding consultants, the City should bring in an outside consultant to help the new Director redesign our current purchasing and contracting process. Not only will a redesign have the potential to save money but it could speed up the process, encourage accountability and reduce liability by better matching processes with state and federal law.
7. ***Changing the Work Week for Non-Public Safety related Functions:*** In the past the IBA has suggested that the City explore a 4 day/10 hour work week as a way to save costs. The City should explore this alternative for some departments as well as a 9 day/80 work period as exists in some local governments.
8. ***Manage Aggressively the Disability Program:*** The City should consider bringing in an outside firm to perform aggressive disability audits to identify and prevent potential fraud, as well as developing a more active W-2 spotting program. Even if we achieve only minimal savings, the City will head off potential scandals that have plagued other local governments.
9. ***Continue to Address Lifeguard Training and Equipment Needs:*** Over the past few years the City has worked to ensure that lifeguards have the training and equipment that they need. In the past few years we have increased training budgets and purchased new fireboats. This year I would ask my colleagues to consider adding a

Attachment A

multipurpose rescue vehicle at a cost of \$450,000 and by adding to a lifeguard training academy at a cost of \$350,000 to address coming attrition issues within the department. I would also ask that the Infrastructure Committee look at facilities issues for the Lifeguard Department to better ensure that their needs are being met.

10. *Dedicated Position for Negotiating Department Efficiencies:* I agree with Councilmember Kersey's call for an additional labor negotiator/human resource staff member dedicated to negotiating with City bargaining groups regarding mayoral and council identified efficiencies, whether it be through managed competitions or other means identified by the Mayor.



City of San Diego
Councilmember Scott Sherman
Seventh District

MEMORANDUM

DATE: March 1, 2013

TO: Andrea Tevlin, Independent Budget Analyst

FROM: Councilmember Scott Sherman 

RE: Budget Priorities & Issues to Consider for Fiscal Year 2014 Budget

The last five years of economic recession has hit San Diego hard. There are fewer police officers protecting our neighborhoods, fewer lifeguards standing watch over our beaches, and decreased neighborhood service levels. These hard times, paired with skyrocketing pension costs, have created difficult decisions for city leaders over the last five years and continue to place an enormous burden on city finances.

While our economy is slowly gaining strength, there are still many difficult decisions ahead for this City Council and our Mayor. For example, the state's dissolution of Redevelopment Agencies has provided an additional \$14 million bill. Altogether, the City will likely face a staggering budget deficit of \$40 million for Fiscal Year 2013-2014.

Challenging times call for tough decisions and innovative solutions from city leaders. Never in our city's history has it been more important to find new ways to deliver neighborhood services faster, better, and more efficiently. Fortunately, some innovative solutions have already been established and simply need to be implemented, such as managed competition. The following are my budget priorities for Fiscal Year 2014:

Maintain Reserves at High Levels

The Council and Mayor should continue hold to our established policy of high reserve amounts in order to ensure that emergencies and unanticipated economic circumstances, particularly State and Federal budget impacts, will not pose insurmountable challenges. We must rigorously adhere to our goal to not only provide "rainy day" protection but also to sustain the

Attachment A

City's favorable credit rating. This is particularly important with the city increasing the amount of its total debt service as a percentage of General Fund revenues in FY 2014 (incorporating staff's recommendation of a 2013 \$30M CIP bond) to 4.49%.

Implement managed competition

San Diego voters passed managed competition overwhelmingly in 2006, and after years of delays this cost-saving, common-sense program was beginning to get off the ground last year. Unfortunately, that progress has stalled. In fact, budgeted savings from managed competition may not be realized in this fiscal year. It is my top budget priority to see managed competition move forward without delay, specifically street sweeping, PUD customer support, street and sidewalk maintenance, landfill operations and fleet maintenance.

\$4.1 million in savings to General Fund.

Expand Marketing Partnerships

A common-sense way to generate funds for the city is to expand marketing partnerships between the city and private entities. Official sponsorship, naming rights, advertising, and exclusive rights are just some of the forms of revenue-generating marketing partnerships available to the city. To its credit, the city already has some marketing partnerships - which have generated approximately \$16 million cumulatively in revenues. An example is the successful agreement between Toyota and San Diego Lifeguards. But we can and should do more.

\$500,000 per year in revenue.

Fully Implement and Expand Recovery Auditing

Revenue Recovery Audits focus on identifying missed opportunities to collect revenue. Currently, the City engages outside firms to collect on past-due bills that remain uncollected after the City's best efforts to collect. Additionally, the City engages outside services to perform sales/use tax and property tax audits. However, there are additional areas where the City can benefit by dedicating effort to Revenue Recovery Auditing, particularly by pursuing contract audits.

Up to \$1.5 million in uncollected revenue.

Use property tax refund from County to pay for "Computer Aided Dispatch" (CAD) system upgrade

The City of San Diego has been refunded \$6.9 million in property tax assessments which were previously overcharged by the County. The Mayor and Public Safety Committee have discussed setting those funds aside to replace the outdated computer aided dispatch (CAD) system used by the Police and Fire Departments. In addition, the City is receiving approximately \$3.5 million due to the elimination of the obsolete "SAFE" agency. These funds are available to pay for public safety, which would include replacing the CAD system. Our city's entire public safety system relies on this system, which is why I support setting those funds aside specifically for this purpose until the City can achieve the best pricing and look at innovative ways to utilize a new CAD system for additional departments, such as Park & Recreation.

Budget-neutral if the City can achieve a good price on replacing CAD system. (\$7 million in new funds from property tax refunds. Approximately \$8 million to replace CAD system)

Utilize “Service Authority for Freeway Emergencies” (SAFE) Funds for Public Safety

Assembly Bill 1572, passed by the California legislature last year, dissolved the obsolete public agency “San Diego SAFE.” The bill required that DMV assessments to pay for upkeep on emergency call boxes be managed by SANDAG, rather than the SAFE board. Approximately \$8 million in reserves will be redistributed to cities and the county to pay for transportation and motorist aid based on each city’s population, with approximately \$3.5 million coming to San Diego. These funds are available to make San Diego’s roadways safer and provide emergency services. The City should consider putting these funds toward police and an upgrade to the City’s computer aided dispatch (CAD) system.

\$3.5 million to the City for public safety.

Roll over the FY 2013 budget surplus into FY 2014

The Financial Management Department projects a \$3.6 million budgetary surplus in FY 2013, based on better-than-expected property tax and transient occupancy tax (TOT) revenues. Given the looming \$40 million budget deficit in the upcoming fiscal year, I support rolling all or the majority of that over to address next year’s projected budget deficit.

Up to \$3.6 million additional toward next year’s budget.

Support the Police Department’s plans to put more officers in our neighborhoods

The Police Department released a five-year plan in July which outlines a strategy to restore police service levels in the areas impacted most by past budget reductions. The Police Department has set FY 2009 sworn budgeted staffing levels as a goal which I support and would like to pursue beginning in FY 2014. We should begin that restoration by adding 32 new budgeted positions for sworn police officers.

If the Mayor and City Council push forward on common-sense reforms like managed competition, increased marketing partnerships throughout the city, and additional recovery auditing, this increase in public safety service levels is attainable.

Cost of \$5.7 million.

Restore Mission Trails Regional Park Campground Facilities

Much of San Diego’s identity and culture centers on the outdoors. The City of San Diego operated a campground in Mission Trails Regional Park until budget cuts closed this area to overnight camping. Because it is located relatively close to our urban neighborhoods Kumeyaay Lake provides a unique, affordable and nearby opportunity for San Diego residents to camp overnight. While the cost to restore previous service levels would be \$134,000, Park & Rec. should consider innovative ways to re-open this campground, potentially without a cost to the General Fund by utilizing volunteers and public-private partnerships.

Cost of \$134,000 (without innovative service delivery models).

Consider funding for planned Lifeguard Capital Improvement Project in North Pacific Beach

North Pacific Beach extends from Crystal Pier to Pacific Beach Point. This beach is bordered by cliffs up to 75 feet in height and is heavily used by surfers, kite surfers and sailboarders year round in addition to beachgoers. The lifeguard station there, which is staffed year-round, is little more than a railroad cargo container on the beach. As one of San Diego’s busiest beaches, it would be helpful for the lifeguards to have a proper facility there in the future.

Attachment A

Support the Tourism Marketing District (TMD), ensuring the city does not have to support marketing activities out of Transient Occupancy Tax (TOT) funds

Additionally, the City of San Diego is currently facing a potential additional expense which would worsen the FY 2014 budget deficit which is worth highlighting. The Tourism Marketing District, which was renewed last year by the Mayor and Council, has not been able to move forward on much-needed promotional activities and the concept of disbanding the program has been discussed.

When the TMD was established in 2008 it assumed funding support for tourism and marketing groups previously funded by the City, thereby alleviating the City's funding obligation. This resulted in an annual savings of over \$10 million for the City.

Unfortunately, there is a great deal of uncertainty about the TMD's future, despite overwhelming Council and Mayoral support of the program last year. If the TMD were allowed to disband, the City would once again have to pay for those promotional activities out of TOT funds.

The following chart from IBA Report 13-09 shows the potential cost of the TMD's dissolution:

	FY 2008	FY 2012 ¹
SD Convention & Visitors Bureau	\$ 8,830,411	\$ 23,761,168
San Diego North ConVis	380,903	2,758,443
SD Film Commission	661,817	-
SD Bowl Game Association /Holiday Bowl	391,137	450,000
SD Sports Commission/SD Intl Sports Council ²	145,800	893,800
SD Sports Commission/SD Hall of Champions ²	75,000	-
Rock N Roll Marathon	19,519	350,000
Accessible San Diego	65,039	-
California State Games	15,427	125,000
San Diego Crew Classic	4,648	213,400
TOTAL	\$ 10,589,701	\$ 28,551,811

¹ FY 2012 totals may not reflect audited amounts.

² The SD International Sports Council and the SD Hall of Champions are now the San Diego Sports Commission.

Additionally, the TMD helps generate increased TOT funds, which support the General Fund. According to the Independent Budget Analyst, since the TMD was created in 2008 a total of \$724 million in TOT revenue was generated. FY 2013 projects \$99 million in TOT going to the General Fund.

Over \$10 million in savings, potentially upwards of \$29 million.

Change the way the City looks at budgeting: Implement zero-based budgeting

Zero-based budgeting is an approach to budgeting which reverses the working process of traditional budgeting. The City of San Diego uses traditional incremental budgeting, whereby department managers justify only variances versus past years, based on the assumption that the "baseline" is automatically approved.

By contrast, in zero-based budgeting, every line item of the budget must be approved, rather than only changes. During the budget process, no reference is made to the previous level of expenditure. Zero-based budgeting requires the budget request be re-evaluated thoroughly, starting from the zero-base. This process is independent of whether the total budget or specific line items are increasing or decreasing. Approaching our budget in this manner would require that the existence of a program or expenditure be justified in each fiscal year, as opposed to simply basing budgeting decisions on a previous year's funding level. Zero-based budgeting has been used in the private and public sectors for decades.

I encourage the Financial Management Department, the Mayor and my colleagues on the City Council to consider this new way of developing our budget in future years.

I appreciate the hard work and time spent by Mayor Jerry Sanders and recent City Councils to get the City's budget under control over the last 8 years. I understand that it has not been an easy period in our city's history and we are fortunate that despite these hard times our city is still on decent financial footing.

Please see the attached chart which displays the sources and expenditures listed above.

Attachment A

Councilmember Scott Sherman
FY 2014 Budget Priorities
Sources and expenditures

ONGOING SOURCES	
Managed Competition Savings	\$4,100,000
Expand Marketing Partnerships	\$500,000
Implement and Expand Recovery Auditing	\$1,500,000
Sub-Total Ongoing Funding Sources	\$6,100,000

ONE-TIME SOURCES	
Property tax refund from County	\$6,900,000
AB 1572 "SAFE" Payment	\$3,500,000
FY13 Budget Surplus	\$3,600,000
Sub-Total One-Time Funding Sources	\$14,000,000
TOTAL FUNDING SOURCES	\$20,100,000

ONGOING EXPENDITURES	
Add 32 new budgeted positions for sworn police officers	(\$5,664,000)
Kumeyaay Lake Campground	(\$134,000)
Sub-Total Ongoing Expenditures	(\$5,798,000)

ONE-TIME EXPENDITURES	
Replace CAD System	(\$8,000,000)
Sub-Total One-Time Expenditures	(\$8,000,000)
TOTAL EXPENDITURES	(\$13,798,000)

* Note: Promotional expenditures to be paid by City if TMD is not approved	(\$10,589,701)
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COUNCILMEMBER DAVID ALVAREZ

City of San Diego
Eighth District

MEMORANDUM

DATE: March 1, 2013
TO: Andrea Tevlin, Independent Budget Analyst
FROM: Councilmember David Alvarez
SUBJECT: Budget Priorities for Fiscal Year 2014

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:

General Fund Budget:

- **Neighborhood Services in High-Crime Areas:** Each budget cycle, the City Council often discusses neighborhood service enhancements on a citywide basis. Although it is important that all areas of the city have adequate access to neighborhood services like libraries and parks, the impact of enhanced hours in areas experiencing high-crime rates would likely have a more significant impact on the overall community. As such, the city should consider a more focused and strategic approach that takes such information into account that looks when considering service alterations in communities throughout San Diego.
- **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 and expanded to the fullest extent possible in order to allow our communities to properly plan for development and community amenities.
- **Continued Implementation of Citygate Working Group Five-Year plan:** In order to provide proper fire and life safety services to San Diegans, the City must continue to stay on target with funding needs identified in the Citygate Report. The City made some progress last year in

Attachment A

providing the required funding for the purchase and installation of a new in-station alert system, however we have a long ways to go in meeting the goals of the implementation plan. Each item from Years 1 & 2 of the plan should be funded in FY14. The update to the five-year plan at the January 16, 2013 PS&NS meeting outlined the funding needs for Year 2 of the implementation plan, which should be incorporated into the FY14 budget.

- **Fire Academy for FY14:** Fire-Rescue Department staffing levels need to be increased as many employees have been subject to mandatory callbacks to fully staff fire engines. In order to address the current and projected shortfall in staffing an academy should be funded for FY14.
- **Restoration of Civilian Positions in the Police Department:** Last year the Council included funding for five civilian positions within the Police Department. As those positions are filled, additional civilian positions should be considered for FY14 in order to better support our sworn officers.
- **Purchasing and Contracting Department Staffing Enhancements:** The Purchasing and Contracting Department provides a critical service in managing all contracts for outside services the city requires. In the past couple of years, there have been some instances where major contracts have been delayed due to various protests and the need to reissue RFPs. I believe that increased staffing in the department could solve this problem and save the city the cost of protests, litigation and re-issuances of RFPs. Additional staff should be considered for the FY14 budget.
- **Lifeguard Services:** Our beach and coastal areas are visited by tens of thousands of people every year, which requires the need for the city to provide adequate lifeguard services to ensure a safe environment for those visitors. It is vital that our lifeguards have the resources, training and equipment they need. The following should be funded in the FY14 budget:
 - Lifeguard Training Academy for 15 new recruits: \$350,000
 - Multipurpose Rescue Vehicle: \$450,000
- **Creation of Lifeguard Wellness Program:** Part of ensuring that lifeguards are able to meet the high standards set for them is to create a wellness program that gives them the services and tools needed to avoid significant injury, which also reduces compensation claims and costs. I would urge the creation of a Lifeguard Wellness program through meet and confer in this year's labor negotiations.
- **City Auditor Staff Positions and Training:** It is important that we continue to increase the staff resources of the City Auditor's 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. As such the FY14 budget should include the following:
 - Administrative assistant position
 - Two new auditor positions
 - Restoration of \$25,000 to auditor training budget reduced in previous budget cycles

- **Expansion of Marketing Partnership Program:** I believe the city can benefit significantly through continuing and expanding the marketing partnership program, which helps bring in much needed funding for various city services. Investing in an expansion of city efforts to find additional partnerships will yield greater benefits to the general fund.
- **Urban Forest Management Plan:** Last year the City Council allocated \$257,000 for use on a city arborist position and/or urban forestry program. Although those funds eventually went to much needed additional tree trimming services, I still believe the city must reinvest in its urban forestry program, which has lacked proper funding for years. The FY14 budget should include funding for the creation and staffing of an enhanced Urban Forest Management Plan.
- **City Clerk Services, Records Management and Open Government:** The following services are critical to provide the City Clerk with the required tools to preserve, store and enhance public access to city documents:
 - Funding of an ISA III (Information Systems Analyst) to support City Clerk access initiatives and IT services. The total cost of the position is \$123,378, however taking into account the elimination of a CAII position, the total FY14 budget impact would be \$65,351.
 - Record Storage:
 - Shelving must be purchased to properly house and preserve various long-term or permanent records. This requires 50 linear feet of shelving at a cost of \$25,000.
 - Inadequate City Archival Storage: The Clerk is researching several solutions to the City's inadequate space for city archives. Options that will be presented include expansion of the current physical space all the way through to a more cloud-based digital solution \$250,000 - \$400,000
- **Service Reductions due to Prop B Implementation:** Due to the high costs associated with the implementation of Prop B that were not planned for by Prop B proponents, the City Council must consider what service reductions to implement for the upcoming fiscal year.

Capital Improvement Program and Infrastructure Budget:

- **Palm Avenue Roadway Improvements:** The Palm Avenue Roadway Improvements project provides for vehicular and traffic safety improvements on Palm Avenue from Beyer Way to Interstate 805. This project is vital to the community and it needs to be completed on schedule. It is imperative that work begin this calendar year and finish by 2014.
- **New sidewalk on Old Otay Mesa Road between Otay Mesa Place and Airway Road, San Ysidro:** Significant community support exists for this project as this is a dangerous stretch of road without a sidewalk which creates a hazard for students walking to school. Completion of this project would provide important linkage in a highly pedestrian-oriented community.
- **Completion of funding for construction of the San Ysidro Library:** The current branch

Attachment A

library in San Ysidro is one of the oldest (built in 1931), smallest (3,000 square feet) and outdated library facilities in the entire city. The construction of the new library has been long delayed. The design and construction of the library can move forward with complete funding. It is critical that this is a priority CIP.

- **Memorial Park Improvements:** Memorial Park is located at Logan Avenue and 28th Street. This block also includes facilities operated by the San Diego Unified School District. Staff should work cooperatively with SDUSD staff to coordinate efforts to redesign the current site to better serve the community and students. An initial estimate of costs associated with a redesign of the park site is \$400,000, which can be split between the City and SDUSD.
- **Logan Heights Infrastructure:** The following general infrastructure needs should be addressed in the FY14 budget:
 - Street Lighting:
 - Alleyway between Imperial Avenue and Commercial Street (between 28th Street and 32nd Street)
 - Street Repair:
 - 24th Street between Market and Imperial Avenue
 - 25th Street between Market Street and Island Avenue
 - 27th Street between Market Street and Imperial Avenue
 - 28th Street between Ocean View and Island Street
 - 30th Street between Ocean View and Island Street
 - K St. between 22nd and 32nd Streets
 - Commercial Street between 22nd and 32nd Streets
 - Island Avenue between 27th and 28th Streets
 - Cesar Chavez parkway between Commercial and Julian Avenue
- **Logan Heights Community Garden:** A number of sites in the Logan Heights community could be used for a community garden. A community garden would be a cost efficient and effective way to beautify certain areas of the area while also creating a sustainable food source for local residents.
- **Logan Ave/Sampson Street Sewer Main Repair:** Due to damage to the sewer main, it is not functioning properly and needs critical repairs. The FY14 budget should prioritize funding needed to complete needed work.
- **Initiate Capital Improvement Project for La Media Road Improvements:** La Media Road, between I-905 and Siempre Viva Road in the Otay Mesa community, is a route used by commercial vehicles accessing the border. Significant improvements (such as widening) are required on La Media Road as the city moves forward with plans to improve the road, provide better access to commercial vehicles crossing the border and addressing significant flooding issues, which often make the road impassable. Currently, no CIP exists to address these deficiencies, which has prevented the project from moving forward and has hampered the city's ability to better facilitate international commerce.

- **Initiate Capital Improvement Project to Design Southwest Neighborhood Park in Otay Mesa/Nestor:** The City owns undeveloped park land on 27th Street in the Otay Mesa/Nestor community. The design and development of the 11.4 acres into a Neighborhood Park was first proposed in 1992 and would provide much needed park space and be of great benefit to all members of the community. Children from Southwest Middle School as well as condominiums, apartments, and mobile homes within walking distance would benefit from the use. Currently no CIP exists for this project and in order to move forward funds need to be dedicated to the design of the park.
- **San Ysidro Pedestrian Bridge:** A pedestrian bridge over the trolley tracks at Del Sur Boulevard would effectively connect Beyer Boulevard and South Vista Lane. This is an important link for the community to have to increase and encourage pedestrian access. A CIP should be created and design for the project included in the FY14 budget.
- **San Ysidro Bicycle Paths:** San Ysidro is a bicycle and pedestrian oriented community that would greatly benefit from bicycle paths. I would like bicycle paths added to the community of San Ysidro via the city's Pedestrian Mobility Planning study. In doing so, it would position these bicycle paths to be incorporated into Sandag's Regional Bikeway Plan. This will facilitate the integration of San Ysidro bicycle paths with the Bayshore Bikeway.
- **Larsen Field Improvements:** This project, delayed since 2010, has funding and is ready to move forward. It will provide various park improvements as well as additional lighting. The current project timeline targets the current year for construction award. It is imperative that this project stay on schedule and begin this year.
- **Increase Number of Joint Use Park Facilities:** A number of areas throughout the city lack park space for residents to utilize. Partnering with local school districts to share the construction and/or maintenance and operation costs is an excellent way to open up existing or proposed park space to neighborhoods when the area is not being used by the school. Pursuing such partnerships, particularly with school districts which currently do not have agreement with the City, should be a goal in the upcoming year.
- **Pursue Outside Funding Opportunities for Capital Improvement Projects throughout the City:** As the city looks to identify funding for capital improvement projects, I believe both private and public (local, state and federal) funding sources should be actively pursued for projects not yet fully funded.

DAA/ks



**City Of San Diego
COUNCILMEMBER MARTI EMERALD
DISTRICT NINE
M E M O R A N D U M**

DATE: March 1, 2013

Reference: M-13-02-01

TO: Andrea Tevlin, Independent Budget Analyst

FROM: Councilmember Marti Emerald

SUBJECT: Fiscal Year 2014 Budget Priorities

With the election of our new Mayor, I am very enthusiastic about a budget that puts San Diego neighborhoods first. I am confident that this year's budget will better protect and restore public safety and neighborhood resources, including the following priorities, which I respectfully submit as Chair of the City's Public Safety & Neighborhood Services Committee:

- ❖ **Citygate Working Group Five Year Plan Recommendations** – In order to stay on track to complete the recommendations outlined in the report, the City needs to fund approximately \$17 million in FY2014. The Five Year Plan also calls for building 10 long-overdue fire stations. Many of these new stations could also incorporate small police storefronts, helping us rebuild our community policing efforts. A public safety or infrastructure bond should be considered to fund these critical stations.
- ❖ **Police Department Five Year Plan Recommendations** – The Five Year Plan for the Police Department needs to be funded in FY2014. The plan calls for an increase in both civilian and sworn personnel staffing levels. I also request the IBA conduct a study regarding sworn police retention. Specifically, the City needs to look at the costs of recruiting new personnel versus creating new incentives to encourage current personnel to stay with the Department.
- ❖ **Lifeguard Training and Equipment** – Ensuring safety at our beaches and bays is of critical importance, especially as we enter our peak tourism season. Our lifeguards must be equipped with the necessary training and equipment to keep people safe. As such, we need to increase funding for our Lifeguard Training Academy and ensure that we have adequate Boating Safety Unit Staffing, along with funding for our R-44 Multipurpose Rescue Vehicle. We also need to ensure

that those protecting us at our beaches have the necessary infrastructure to do their jobs.

- ❖ **Community Policing** – As I've discussed in the past, funding for additional multi-cultural/multilingual Community Relations Officers and Police Service Officers is critical in maintaining our focus on community policing.
- ❖ **Neighborhood Code Enforcement** – I would like to see our FY2014 budget take a strong position on Code Enforcement and, hopefully, restore services reduced the past few years, including enforcement against cars parked on lawns and restoration of proactive enforcement. This should include funding for a code compliance office leased out of the City Heights Town Council office.
- ❖ **Restoration and Increase of Library Hours and Programs.** Library hours should be restored to a minimum of 45 hours per week for our branch libraries.
- ❖ **Restoration of all Revenue Generating Positions** – Over the past few years the City has cut revenue-generating positions from its budget, many of which were civilian positions within the Police Department. These positions include grant writers and enforcement officers, whose work generates more revenue than expended by the cost of their positions. All positions that are cost neutral or may generate additional revenue should be restored immediately.
- ❖ **Street Lights** – The FY2014 budget must provide more funding for our nearly \$30 million backlog in street lights. Street lights are a critical component of public safety in our neighborhoods.

In addition to the above Citywide recommendations, we must support programs and projects that put our neighborhoods first. Please see the following neighborhood projects below, which are high priorities in the District Nine communities I represent:

- ❖ **Southcrest Community Priorities** –
 - **Southcrest Street Lights** – Southeastern Economic Development Corporation (SEDC) committed \$655,600 to the City in February 2010 for the installation of 73 street lights. The project was scheduled for November 2011. The timeline for the installation of the lights has been uncertain and is now awaiting approval.
 - **Southcrest Trails Park** – We are working with Civic San Diego to take the lead on this project. Civic San Diego believes it can streamline the process, thereby saving related time (approximately one year) and \$150,000 in consultant charges. This agreement should be executed as soon as possible.
 - **Southcrest Beta Street Green Alley (east of 38th St.)** – The only alley left unpaved in the Southcrest area is heavily traveled by school children and residents; as a result, the alley today presents an ongoing hazard and

Attachment A

Page 3

Councilmember Marti Emerald

March 1, 2013

eyesore. \$190,000 is needed to fund this project. Although the San Diego Unified School District, and then SEDC, planned to fund the project, 29 years later the project has yet to be funded.

❖ **City Heights Community Priorities –**

- **City Heights Street Lights** – Pursuant to a report completed by the City Heights Business Association in 2010, 613 standard street lights are needed for safety in order to meet City standards (150 feet between each street light in most areas of City Heights). The cost is estimated at \$5.4 million.
- **City Heights Canyon Loop Trail** – San Diego Canyonlands needs funding to begin implementation of its interconnected canyon loop trail, located in City Heights. The initial phase of the project requires \$365,000 to restore 14 acres and develop canyon openings to provide community access to the canyon. Once trail openings are addressed, San Diego Canyonlands requires additional funding to start the work of building canyon trails.
- **Wightman Neighborhood Park** – This one-acre park in Fox Canyon still needs \$2.363 million in funding for construction.
- **Lighting Enhancements for Islenair** – Acorn street lights are needed for this historic neighborhood. \$30,000 is still required to fully fund the project.
- **54th St & University Ave Re-Configuration & Safety Enhancement** – This project will re-configure the 54th St. and University Ave. intersection to significantly improve safety for pedestrians, bicyclists, transit riders and operators, and motorists.
- **Colina Park/City Heights 50th St and University Ave Streetscape Enhancements** –
 - Improve pedestrian safety at 50th St. and University Ave. intersection by adding a pop-out to the southwest corner to improve two-way visibility.
 - Develop a landscaped median/pedestrian-refuge island and include a "Little Mogadishu" sign to support placemaking and economic development in the Somali business cluster (as requested by the community).
- **Sidewalks and street lights in the Colina del Sol City Heights Area** –
 - Install sidewalks at the southeast and southwest corner of Altadena Ave. & Trojan Ave.
 - Install sidewalks at the southwest corner of Altadena Ave. and Orange Ave.
 - Install sidewalks at the southeast corner of Meade Ave. & 53rd St. as well as other missing segment.
 - Install street lights from Euclid Ave to 50th St. along the alleyways.
 - Install street lights on Oak Crest Dr. and 50th St. south of Orange Ave.

- Install lamps on two of the three light posts at Dawson Ave. south of El Cajon Blvd.
 - Fix street lights on Winona Ave. from University Ave. to El Cajon Blvd.
 - **Little Saigon District** – Sidewalks and streetscaping in the Little Saigon District in City Heights on El Cajon Blvd. between Highland Ave. and Euclid Ave.
 - **Southern Sudanese Community Center** – The building currently rented from the City at 4077 Fairmount Ave. is in need of repairs which are estimated at \$12,000.
 - **Student Bus Passes** – A pilot program is needed for student bus passes.
 - **Central Avenue Mini Park Skate Plaza** – Combine Phases I and II of the Central Avenue Mini Park project. Phase II, which will construct the skate plaza, requires \$774,000 in funding which still needs to be identified.
 - **City Heights Skate Park** – A skate park is proposed by the Mid-City CAN Youth Council. The location proposed is City-owned land, adjacent to the current Copley Family YMCA. The vacant 10,000 square-foot dirt lot is centrally located to Cherokee Elementary School and Park de la Cruz, and is zoned for recreational use. We need to identify \$400,000 in funding for both construction and maintenance.
- ❖ **Mount Hope Community Priorities -**
- **Paved Alleys in Mt Hope.**
- ❖ **College Area Community Priorities –**
- **Tubman Charter Joint Use Park** –The total project cost is \$1.72 million, of which \$290,000 in Developer Impact Fees is available for completing the General Development Plan. We must identify interim funding for construction while awaiting a developer's committed funds, which will not be triggered until the issuance of a permit for Phase II of the Silverado Alvarado Apartments project, at a date yet to be determined.
- ❖ **El Cajon Business Improvement District Priorities –**
- \$500,000 to fund double Acorn street lights from Route 15 to Menlo Ave.
 - \$3 million to fund El Cajon Blvd. sidewalk improvement repairs from 44th to 54th St.
- ❖ **El Cerrito Community Priorities –**
- Design and construct traffic circles at two badly configured intersections with a history of traffic accidents: Vale Wy. at Adelaide Ave. and 59th St.; and 60th St. at Estelle St. and Vale Wy. The 2009 estimated costs are \$115,000 and \$117,000 with landscaping; or \$92,000 and \$94,000 without landscaping, respectively.
 - Design and construct a landmark community sign to firmly establish a cohesive neighborhood identity in El Cerrito, which is not only divided by a

Attachment A

Page 5

Councilmember Marti Emerald

March 1, 2013

major commercial thoroughfare, but is also separated between two community planning areas.

❖ Kensington Community Priorities –

- Convert 5,000 volt circuit to 110 volt light in sub-districts 26 and 73 of the City Lighting District 1.
- Add standard cobra head street lights to the Kensington Park and Kensington Place Street Lighting Project.
- Repair the Kensington park playground surface, picnic tables, and fence; upgrade the playground to comply with current ADA standards.
- Repair Kensington curb, gutter, sidewalk, and alley aprons.
- Rehabilitation of Historic Kensington Neighborhood markers, including medians and streetscapes.
- Improve Terrace Park by installing a bocce ball court.

❖ Talmadge Community Priorities –

- Aldine Dr. new pocket park, road safety improvements, storm water, and bike path.
- Euclid Ave. & Monroe Ave. pedestrian safety improvements including bulb-outs and an illuminated cross walk.
- Fairmount Ave. erosion control, slope stabilization, and retaining walls.
- 47th St. & Monroe Ave. traffic circle installation, flashing beacons, and traffic calming.

Finally, I wish to use this opportunity to highlight the priorities of the planning groups within our District:

❖ City Heights Area Planning Committee Priority Projects –

- Fire Station 17 project to replace the existing, outdated fire station located at 4206 Chamoune Ave. The total project cost is \$8.455 million to demolish the current station and construct a new 10,200 square foot facility.
- Home Avenue Park (planning, design, and construction). Design is currently underway, but we need to ensure \$750,000 available in FY 2014 TransNet funding.
- Install sidewalks along Euclid Ave., at 52nd St. and Landis St., and at Altadena Ave. and 52nd St.
- Construction and maintenance of skate parks, with \$400,000 needed to construct the first site near Cherokee Elementary School and Park de la Cruz.

❖ College Area Community Planning Board Priority Projects –

- Montezuma Road Bicycle and Pedestrian Improvement Project.
- Reservoir Dr. & 70th St. Pedestrian Improvements (street lights and sidewalk improvements).

Page 6
Councilmember Marti Emerald
March 1, 2013

- Tubman School Joint Use Park.
- Pocket Parks in the College Area.
- Pedestrian Bridge across Montezuma Rd.

- ❖ **Eastern Area Communities Planning Committee Priority Projects –**
 - The followings communities need new sidewalks and ADA ramps where missing and safe routes provided to our schools:
 - El Cerrito
 - Rolando Village
 - Implement recommended improvements from the Euclid Avenue Mobility Study.
 - Implement Mobility Study of University Ave.

- ❖ **Southeastern Planning Group Projects –**
 - Upgrade traffic signals, illumination, and pedestrian safety zone markings at Ocean View Blvd. & Market Place and Ocean View Blvd. & San Pascual St.
 - Traffic signal at S. 29th St. and Ocean View Blvd.
 - Willie Henderson Sports Complex – add lighting on the fields and in the parking lots.
 - Mountain View Neighborhood Park Area Upgrades including improvements to the children's play area and upgrading the park to comply with current ADA requirements.
 - Sidewalk repairs and improvements at Dennis V. Allen Neighborhood Park.

I understand this list of community projects is substantial; however, these improvements are greatly needed – and, in many cases, long overdue – if we are to truly put our neighborhoods first. If you have any questions regarding a specific item, please do not hesitate to contact my office with questions.

In closing, I look forward to approving a FY2014 City budget that responds to community concerns and focuses on funding our core city services – most notably public safety.

ME:de



THE CITY OF SAN DIEGO

OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

Date Issued: March 18, 2013

IBA Report Number: 13-13 REV

Council Docket Date: March 18, 2013

FY 2014 City Council Budget Priorities

OVERVIEW

The Fiscal Year 2014 Budget Process Key Dates, adopted by City Council on November 13, 2012, outlines the critical dates for budget development in accordance with the City Charter. It also serves to inform the citizens of San Diego about the upcoming budget process. The initial step for Council and public input into the budget process is the development of the City Council budget priorities resolution, which is compiled from individual Councilmember memoranda outlining priorities for the upcoming budget.

On February 11, 2013 Council President and Budget & Finance Committee Chairman Todd Gloria issued a memoranda requesting all Councilmembers to submit their individual budget priorities for the FY 2014 budget to the Office of the Independent Budget Analyst by March 1, 2013. All nine Council districts are represented in this proposed resolution.

This report summarizes common themes in individual budget priority memoranda from each Councilmember. The individual Councilmember memos are provided as an attachment to this report. These common themes have been identified as representative of the budget priorities of the City Council based on fiscal and policy items recurring throughout the memos and they serve as the basis for the Budget Priorities Resolution. The draft resolution was discussed by the Budget and Finance Committee on March 13, 2013. Based on the Committee's review and input, the Office of the IBA has made only minor modification to the report. City Council is requested to review these priorities as accepted by the Budget and Finance Committee, modify as seen fit, and authorize the Priorities Resolution to be subsequently forwarded to the Mayor for his consideration during development of the FY 2014 Proposed Budget.

OFFICE OF THE INDEPENDENT BUDGET ANALYST
202 C STREET MS 3A SAN DIEGO, CA 92101
TEL (619) 236-6555 FAX (619)-236-6556

FISCAL/POLICY DISCUSSION

FY 2014 City Council Budget Priorities

Councilmember budget priority memoranda include a wide range of priorities for the FY 2014 Proposed Budget, but the majority of Councilmembers focused on two key areas for increased funding. First, additional resources for public safety were the key focus for each memorandum, with varying requests for Police, Fire-Rescue, and Lifeguard funding. Second, emphasis was placed on the continued efforts by Council and the Mayor to address the large backlog of deferred capital throughout the City of San Diego including funding of streets, sidewalks, and facilities. Additional priorities include funding for the Park & Recreation and Library Department, neighborhood services, and continued adherence to fiscal policies, reforms, and efficiencies. The summary of priorities from Councilmember memoranda submitted to our office is outlined below.

Enhancing Public Safety

- Police Priorities (Council Districts 1, 2, 3, 4, 5, 6, 7, 8, & 9)

A consistent priority among all Councilmember memoranda is increased funding for the Police Department primarily for funding the Police Department Five-Year Plan. Recommendations from the Five-Year Plan include restoration of civilian positions (including specific mention of Police Service Officers, Investigative Aides, Community Service Officers, and Community Relation Officers), an increased number of Police academies, and / or an increase in the number of cadets in each academy.

- Fire-Rescue Priorities (Council Districts 1, 3, 4, 8, & 9)

Fire-Rescue priorities included in the memos focused on the implementation of the Citygate Working Group Five-Year Plan recommendations. The primary theme among Councilmember memos focused on increasing the number of academy members to aid in addressing attrition within the department.

- Lifeguard Priorities (Council Districts 1, 4, 6, 7, 8, & 9)

In addition to the Police and Fire-Rescue recommendations, the majority of Councilmember memos included support for various elements of Lifeguard funding. Specific recommendations for Lifeguard support include recommendations for resources for Lifeguard academies with an increase in the number of recruits to support operations, funding for vehicles, increased training, and the implementation of a Lifeguard wellness program.

Infrastructure & Deferred Capital

- Continued investments in addressing \$800+ million backlog in deferred capital and infrastructure spending (Council Districts 1, 2, 3, 4, & 5)

The City Council has invested a significant amount of time and resources in the current and previous fiscal year(s) providing capital funding and streamlining processes for departments to address the significant backlog of deferred capital in City infrastructure. A majority of Councilmember memos included continued support and funding for

Attachment B

providing infrastructure investment as well as providing funding for updated condition assessments for various assets and ongoing maintenance of asset management data. Additionally, support was expressed for an efficiency consultant to be engaged in FY 2014 to determine more efficient and expeditious ways in delivering infrastructure projects to save the City additional funds.

Park & Recreation / Library Hours / Penny for the Arts

- Maintaining / increasing Library branch and Park & Recreation center hours. (Council Districts 1, 3, 4, & 9)

In previous fiscal years, Library branch and Park and Recreation center hours were reduced as part of a budgetary balancing measure when the General Fund was facing substantial deficits. Subsequently, operating hours were restored in both departments; however, both are below service levels provided to the citizens of San Diego prior to the balancing actions. Councilmember memos emphasized restoring hours of service for both departments within budgetary capacity.

- Funding for the Penny for the Arts Blueprint (As revised by City Council on March 18, 2013)

Increased Funding For Neighborhood Services

- Community plan update funding. (Council Districts 1, 3, 4, & 8)

The need for funding community plan updates in multiple districts has been identified in Councilmember memos as a priority for facilitating land use development and growth in communities.

- Exploration of the feasibility of twice per week refuse pick-up in the Mission Beach community from Memorial Day to Labor Day. (As revised by City Council on March 18, 2013)
- Neighborhood code compliance improvements. (Council Districts 3 & 9)
- Establishing an Urban Forestry program. (Council Districts 3 & 8)

Additional requests for neighborhood funding that received support in two Councilmember memos include additional funding for neighborhood code compliance enforcement and the establishment of an urban forestry program. Councilmembers requested increased funding for neighborhood code compliance to “protect the public’s health, safety, welfare, and property value through enforcement” with proactive enforcement. Councilmembers also requested funding for the creation of an urban forestry program to provide tree trimming, maintenance, and planting, that would go beyond current service levels provided by contracted vendors.

Reforms, Efficiencies, Partnerships, and Adherence to Fiscal Policies

As requested in Council President Gloria’s call for budget priority memos, Councilmembers were asked to provide additional revenue and cost saving measures as a way to provide resources for their individual requests. This section includes ideas echoed in Councilmember priority memos for ways the City could provide services to citizens in a more efficient and effective

manner. Memoranda include ideas for potential cost savings in addition to new revenue to could fund enhanced service levels or new programs and adherence to fiscal policies.

- Adhering to the City Reserve Policy – maintaining a high level of General Fund reserves. (Council Districts 2, 3, 5, & 7)

The City of San Diego Reserve Policy mandates an 8.0 percent General Fund reserve, which is to provide necessary funding in emergency situations or to provide for temporary General Fund balancing solutions. As noted in IBA report 13-12 “Review of FY 2013 Mid-Year Budget Monitoring Report”, the General Fund reserve is approximately 13.2 percent of projected FY 2013 reserves. However, based on potential State of California actions, this could be reduced to 10.8 percent of projected revenues. As noted in Councilmember memorandum and IBA report 12-37 “City of San Diego General Fund Reserve Benchmark and Review”, a significant reduction in reserves may have a negative effect on the City’s credit rating among other potential fiscal effects. Councilmember memos emphasized the need to adhere to the Reserve Policy and others emphasized the need to maintain a reserve in excess of required policy levels.

- Continued growth of marketing partnerships. (Council Districts 1, 3, 7, & 8)

The City’s Corporate Partnership Program was established as a City staff led initiative in FY 2011 after being developed by an outside contractor. The department creates new revenue through allowing City trademarks, intellectual assets, and endorsements. New revenue to the General Fund was provided by the current program through partnering with various corporations to allow branding on City vehicles and vending agreements in City facilities, among others. As discussed at the February 29, 2013 meeting of the Budget and Finance Committee, the program is forecasted to continue to grow through new efforts by staff to increase revenues, including the addition of a Grants Program Manager to create new funding efforts. Four Councilmember priority memos include support to expand this program for FY 2014.

- Purchasing & Contracting Department staffing / resources/ efficiency. (Council Districts 3, 6, & 8)

In the priority memos, support for efficiency and reform in the Purchasing and Contracting Department received support to provide other City departments increased service and quicker turnaround of critical contracts. This support included the potential addition of staff and funding for a consultant to aid in finding efficiency improvements.

- Enhanced City website functionality for business and citizens. (Council Districts 1, 3, & 6)

Improved efficiencies in City services mentioned in budget priority memos also include enhancing the functionality of the City website to provide better service to both businesses and the citizens of San Diego.

- Alternative work schedules (i.e. 4 / 10, telecommuting, etc.). (Council Districts 1 & 6)
- Continuation of managed competition program. (Council Districts 2 & 7)
- Labor Relations Officer to negotiate efficiencies identified by employees. (Council District 2, 5, & 6)

Attachment B

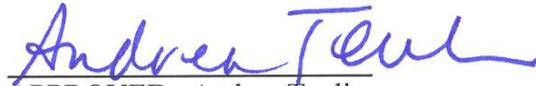
Other items that received support among Councilmembers include exploring alternative work schedules such as a four day / ten hour work week, the continuation of new managed competition programs, and the addition of a new Labor Relations Officer to specifically aid in implementing efficiencies identified by City employees.

CONCLUSION

On March 18, 2013, the City Council adopted the revised priorities listed in this report and are being forwarded to the Mayor for consideration to be included in the FY 2014 Proposed Budget.



Seth Gates
Fiscal & Policy Analyst



APPROVED: Andrea Tevlin
Independent Budget Analyst

Attachments: 1. Councilmember Memorandums

Title 3

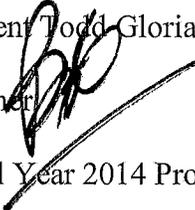


THE CITY OF SAN DIEGO

M E M O R A N D U M

DATE: May 21, 2013

TO: Honorable Council President Todd Gloria and Members of the City Council

FROM: Honorable Mayor Bob Filner 

SUBJECT: May Revision to the Fiscal Year 2014 Proposed Budget

This memorandum presents the recommended revisions to the Fiscal Year 2014 Proposed Budget (May Revision). It includes adjustments to various department budgets that have arisen since the Fiscal Year 2014 Proposed Budget was released on April 15, 2013, as well as updates to major revenue projections based on two additional months of data. The May Revision includes the use of one-time resources to fund one-time adjustments and ongoing resources to fund ongoing adjustments. As reflected in the Fiscal Year 2014 Proposed Budget, the May Revision continues the focus on public safety, neighborhood services, and infrastructure. As a result of the changes included in the May Revision, the proposed General Fund budget is increased by a net \$13.6 million. These expenditures are primarily funded by an increase in projected Property Tax revenue for Fiscal Year 2014, tobacco settlement revenue, and the use of the estimated Fiscal Year 2013 budgetary surplus. Incorporating these changes and the Fiscal Year 2013 year-end projected surplus, the General Fund Reserve maintains a projection of 13.0 percent, which is above the 8.0 percent reserve target for Fiscal Year 2014 as shown in *Attachment 1*.

The General Fund and other City non-general funds remain balanced. The following discussion covers the significant adjustments to the budget. A summary of adjustments is also included in *Attachment 2*.

OVERVIEW

Significant Ongoing Adjustments

The May Revision includes an increase of \$10.8 million in ongoing resources for the General Fund. These resources are partially used to fund \$8.7 million in ongoing departmental adjustments. A net total of 28.06 Full-Time Equivalent (FTE) positions are

Attachment C

Page 2 of 23

Honorable Council President Todd Gloria and Members of the City Council

May 21, 2013

being added to the General Fund budget (the citywide net position addition is 42.56 FTE). The following are significant adjustments for the General Fund:

Ongoing Resources

- \$5.9 million increase in Property Tax revenue based on preliminary assessed valuation information from the County Assessor's Office and increases in projected Redevelopment Property Tax Trust Fund (RPTTF) receipts;
- \$1.6 million reduction in rent expenditures resulting from the move of City offices from 600 B Street to 525 B Street;
- \$1.3 million reduction in the General Fund contribution to the Workers' Compensation Reserve (the citywide contribution reduction is \$1.6 million) as a result of the contribution being made in Fiscal Year 2013 to address the underfunding of the Workers' Compensation Reserve;
- \$925,000 increase in revenue from the City Attorney's Consumer and Environmental Protection Unit and Proposition 64 Funds;
- \$400,000 increase in Business Tax and Rental Unit Business Tax revenue;
- \$261,377 reduction in projected Property Tax Administration Fees (PTAF) from the County of San Diego;
- \$231,722 increase to TransNet revenues based on the San Diego Association of Government's (SANDAG) projected revenues for Fiscal Year 2014; and
- Other minor adjustments.

Ongoing Adjustments

- \$1.7 million decrease to Transient Occupancy Tax (TOT) revenues based on lower TOT receipts for Fiscal Year 2013;
- \$1.2 million decrease in TOT reimbursements to the Park & Recreation Department for tourism-related expenditures based on lower TOT receipts for Fiscal Year 2013;
- \$1.0 million increase in the Fire-Rescue Department for the increased cost of fuel;
- \$925,000 increase in personnel expenditures in the City Attorney's Office;
- \$613,125 decrease in Gas Tax revenue to reflect projected revenues for Fiscal Year 2014;
- \$600,000 increase to support the year-round operations of the Veterans' Shelter;
- \$511,209 net increase, including 13.00 FTE positions, in the Transportation & Storm Water Department to perform required catch basin inspection and cleaning services;
- \$451,623 increase, including 3.00 FTE positions, in the Human Resources Department for efficiency negotiating opportunities and to focus on youth workforce development initiatives;
- \$346,039 increase, including 4.00 FTE civilian positions, in the Police Department to support the departments' operations;

- \$310,194 increase, including 2.00 FTE positions, in the Purchasing & Contracting Department to implement critical operational improvements and to support the Equal Opportunity Contracting (EOC) program;
- \$279,096 increase for the restoration of 2.00 FTE lifeguard positions, and \$116,029 increase in expenditures and offsetting revenue for 1.00 FTE reimbursable position in the Fire-Rescue Department;
- \$185,000 restoral for increased small business enhancement grants, micro districts grants, and technical assistance in the Economic Development Division;
- \$162,058 increase, including 1.00 FTE position, in the Park & Recreation Department to oversee brush management work, and for the operations of the seal cam;
- \$137,386 increase, including 1.00 FTE position, in the City Auditor Department to increase staffing levels; and
- Other minor adjustments.

Significant One-Time Adjustments

The May Revision includes an increase of \$14.9 million in one-time resources for the General Fund, which includes the use of the additional surplus identified in the Fiscal Year 2013 Year-End Budget Monitoring Report (Year-End Report). These resources are used to fund \$8.4 million in one-time departmental adjustments. A discussion of significant General Fund adjustments follows:

One-Time Resources

- \$4.4 million in the projected Fiscal Year 2013 budgetary surplus;
- \$4.1 million increase for the use of the Service Authority for Freeway Emergencies (SAFE) funds;
- \$3.8 million increase in Tobacco Settlement revenue;
- \$714,005 increase for the use of the Public Safety Realignment Act (AB 109) funds for overtime expenditures in the Police Department;
- \$701,672 reduction in the annual General Fund contribution to the Risk Management Administration Fund (the citywide contribution reduction is \$986,016);
- \$700,000 for the re-budgeting of the Kinder Morgan litigation; and
- \$500,000 reduction in General Fund PC replacement costs.

One-Time Adjustments

- \$4.1 million use of SAFE funds in the following departments:
 - \$2.4 million in the Transportation & Storm Water Department to fund the upgrade of the City's Traffic Control System and changeable message signs;
 - \$1.5 million in the Police Department for helicopter expenditures, safety vests, road flare kits, mobile generator lighting systems, and two enclosed trailers with traffic cones and stop signs; and

Attachment C

Page 4 of 23

Honorable Council President Todd Gloria and Members of the City Council

May 21, 2013

- \$245,000 in the Fire-Rescue Department for an attachment to the tail boom of Copter 1, heavy duty cutting tools, and strut systems for trucks and rescue units.
- \$1.0 million increase in the Facilities Division of the Public Works-General Services Department for a facilities condition/needs assessment;
- \$714,005 increase for overtime expenditures in the Police Department funded by AB 109 funds;
- \$700,000 re-appropriation of expenditures related to the Kinder Morgan litigation;
- \$400,000 increase in the Police Department for parking enforcement handheld devices;
- \$300,000 increase in the Police Department for the relocation of the Property Room;
- \$264,000 increase, including 0.53 FTE position, in the Park & Recreation Department to conduct a condition/needs assessment of park assets;
- \$225,000 increase in the Fire-Rescue Department for an advanced lifeguard academy;
- \$200,000 increase in the Transportation & Storm Water Department for the development of a Traffic Signal Communication Infrastructure Master Plan and a Pedestrian Safety Study;
- \$100,000 increase in the Transportation & Storm Water Department for tree trimming services;
- \$100,000 increase in the Transportation & Storm Water Department for the General Fund transfer to the installation of City-owned street lights; and
- Other minor adjustments.

Use of Remaining Funding

The net resources and adjustments described above result in a net General Fund surplus of \$8.7 million, of which \$2.1 million is ongoing and \$6.6 million is one-time. Based on this net surplus, the May Revision also includes an \$8.7 million reduction in the transfer of the San Diego Gas & Electric (SDG&E) wildfire settlement revenue from the Public Liability Fund. As a result, Fiscal Year 2015 through Fiscal Year 2019 General Fund contributions to the Public Liability Fund Reserve are expected to be reduced by approximately \$1.7 million annually, thereby reducing the projected General Fund deficit for Fiscal Year 2015 by \$1.7 million. In addition, the net ongoing resources are expected to further reduce the projected deficit by \$2.1 million for a total projected deficit reduction of \$3.8 million in Fiscal Year 2015. Any additional funding as a result of a potential five-year agreement with the City's labor organizations will be recommended to remain in fund balance to address the potential General Fund deficit in Fiscal Year 2015.

Deferred Capital Operations & Maintenance

The May Revision includes an increase of \$4.2 million in appropriations in the Transportation & Storm Water Department to address deferred capital operations and maintenance needs as follows: \$2.2 million for slurry seal and \$2.0 in Capital

Improvements Program (CIP) projects comprised of \$1.5 million for concrete streets and \$500,000 for sidewalk repairs and reconstruction. These expenditures are funded by the addition of \$4.2 million in estimated Proposition 42 Replacement revenue for Fiscal Year 2014, based on a 3.5 cent increase in the gasoline excise tax from 18 cents per gallon to 21.5 cents per gallon effective July 1, 2013.

In addition, the May Revision includes \$2.0 million in appropriations for resurfacing, repair, and reconstruction of City streets. These expenditures are funded by Street Damage/Excavation Fees, which are collected by the City to recover costs that are attributable to the impact of excavations within the public right-of-way.

With the additional \$6.2 million in expenditures in the May Revision, the Fiscal Year 2014 budget now includes a total of \$55.2 million in appropriations to address deferred capital operations and maintenance needs. This amount exceeds the \$50.0 million outlined in the Enhanced Option B funding plan by \$5.2 million for Fiscal Year 2014.

Condition/Needs Assessments

The May Revision also includes \$10.1 million in funding to conduct various condition/needs assessments of City infrastructure. Of this amount, a total of \$1.3 million is included in the General Fund to conduct the following condition/needs assessments:

- \$1.0 million for a condition/needs assessment of City facilities/buildings; and
- \$264,000 to begin a condition/needs assessment of park assets.

In addition, \$8.8 million in appropriations is included in the Public Utilities Department to conduct the following condition/needs assessments:

- \$4.5 million for water pipeline and operation optimization condition assessments;
- \$3.7 million for wastewater pipeline and operation optimization condition assessments; and
- \$600,000 for a facilities condition/needs assessment.

Restructures

The following are the proposed departmental restructures that will be included in the Fiscal Year 2014 budget.

- **Civic & Urban Initiatives**
The Civic & Urban Initiatives Program in the Development Services Department is transferring to a stand-alone division reporting to the Office of the Mayor.
- **Multimedia Services**
The Multimedia Services Division in the Department of Information Technology is transferring back to a stand-alone division reporting to the Office of the Mayor.

Attachment C

Page 6 of 23

Honorable Council President Todd Gloria and Members of the City Council

May 21, 2013

- **Disability Services Department**

The Disability Services Department will be re-titled to the Office of ADA Accessibility and Compliance.

CITYWIDE CONSIDERATION

Workers' Compensation Reserve Contribution

General Fund Expenditure Adjustment: (\$1,288,097)

Non-General Fund Expenditure Adjustment: (\$311,903)

The May Revision includes a reduction of \$1.6 million in contributions to the Workers' Compensation Reserve Fund, of which \$1.3 million is the General Fund portion and \$311,903 is non-general fund. The Year-End Report includes a \$4.8 million (\$3.9 million is General Fund) contribution to replenish the reserve shortfalls in Fiscal Years 2012 and 2013. As a result, the \$1.6 million contribution included in the Fiscal Year 2014 Proposed Budget is no longer needed.

Risk Management Administration Contribution

General Fund Expenditure Adjustment: (\$701,672)

Non-General Fund Expenditure Adjustment: (\$284,344)

The May Revision includes a one-time reduction of \$986,016 in contributions to the Risk Management Administration Fund, of which \$701,672 is the General Fund portion and \$284,344 is non-general fund. The reduced contribution is based on the use of the Risk Management Administration Fund's fund balance.

Fringe Benefit Adjustments

As a result of salary and position adjustments, a citywide fringe rate adjustment will be necessary to ensure that the Annual Required Contribution (ARC) payment of \$275.4 million to SDCERS is fully allocated in the budget for Fiscal Year 2014. 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 will also be needed to ensure that fixed fringe allocations are fully budgeted and that the expense is appropriately distributed to all funds.

DEPARTMENTAL ADJUSTMENTS

GENERAL FUND

Major General Fund Revenues

Net Revenue Adjustment: (\$714,291)

Property Tax Revenue

Addition of \$5.9 million in Property Tax revenue based on preliminary assessed valuation information and additional increases in projected Redevelopment Property Tax Trust Fund (RPTTF) receipts. The preliminary assessed valuation information received from the County Assessor's Office results in a \$2.6 million increase in the 1% base property tax revenue. Additionally, as a result of the dissolution of the Redevelopment Agency (RDA), the City will be receiving residual property tax payments from funds remaining in the RPTTF after Recognized Obligation Payment Schedule (ROPS) requirements have been met. Projected increases to RPTTF residual payments amount to \$3.3 million.

Transient Occupancy Tax (TOT) Revenue

Reduction of \$1.7 million based on lower TOT receipts in Fiscal Year 2013. This adjustment also reflects a revision to the one-cent discretionary TOT allocation.

Property Transfer Tax Revenue

Addition of \$58,477 million based on current fiscal year Property Transfer Tax receipts.

Tobacco Settlement Revenue

In Fiscal Year 2013, Tobacco Settlement Revenues (TSR) will exceed the \$10.1 million securitized in Fiscal Year 2006 by \$3.8 million based on recently obtained information from the State of California Attorney's Office. The City is entitled to receive TSR revenue above the \$10.1 million and therefore \$3.8 million in one-time revenue has been added to the May Revision.

SDG&E Settlement Revenue

Reduction of \$8.7 million in the transfer of SDG&E wildfire settlement revenue from the Public Liability Fund. This will result in a reduced contribution to the Public Liability Fund Reserve of approximately \$1.7 million for Fiscal Year 2015 through Fiscal Year 2019.

City Attorney

Revenue Adjustment: \$925,000

Expenditure Adjustment: \$925,000

Addition of Consumer and Environmental Protection & Proposition 64 Revenue

Addition of \$925,000 in revenue related to the use of fund balance from the Consumer and Environmental Protection Unit Fund and the Proposition 64 Fund. These revenues will be used to reimburse the City Attorney's Office for legal work relating to the enforcement of the consumer and environmental protection law. Future years' reimbursements could be less depending on activity.

Attachment C

Page 8 of 23

Honorable Council President Todd Gloria and Members of the City Council

May 21, 2013

Addition of Personnel Expenditures

Addition of \$925,000 in personnel expenditures. The Financial Management Department will work with the City Attorney's Office to identify specific positions associated with these expenditures for inclusion in the Fiscal Year 2014 Adopted Budget.

City Auditor

FTE Adjustment: 1.00
Expenditure Adjustment: \$137,386

Assistant to the Director

Addition of 1.00 Assistant to the Director and \$112,386 in associated personnel expenditures.

Peer Review of Internal Controls

Addition of \$5,000 in non-personnel expenditures for a review of the City Auditor Department's internal quality control system which is required every three years according to the Government Auditing Standards.

Electronic Work Paper System

Addition of \$20,000 in non-personnel expenditures for licensing and maintenance costs associated with the electronic work paper system.

City Clerk

FTE Adjustment: 0.28
Expenditure Adjustment: \$50,093

Archive Expansion

Addition of \$50,000 in non-personnel expenditures to support the preservation and storage of the City of San Diego archive based on a four-year implementation plan. Expenditures will include archivist fees to assess current materials and to make recommendations on which records to keep on-site, scanning of archive material for online access, and sending and storing identified material to the off-site storage location in Kansas.

Passport Acceptance Facility

Redistribution of \$10,000 in overtime expenditures to non-standard (hourly) funding (0.28 FTE position) for a net increase of \$93 in personnel expenditures to support the implementation of the Passport Acceptance Facility.

City Comptroller

FTE Adjustment: 1.00
Revenue Adjustment: \$106,787
Expenditure Adjustment: \$106,787

Accountant 3 Transfer

Transfer of 1.00 Accountant 3 position and associated personnel expenditures and offsetting revenue of \$106,787 from the Public Utilities Department to the City Comptroller Department to perform internal controls work.

City Council

Net Expenditure Adjustment: (\$14,432)

Community Projects, Programs, and Services Adjustment

Net reduction of \$14,432 in the Council Districts' budgets for Community Projects, Programs, and Services based on estimated savings from Fiscal Year 2013 as detailed in the Year-End Report.

City Treasurer

Revenue Adjustment: \$400,000

Expenditure Adjustment: \$40,000

Business Tax and Rental Unit Business Tax Revenue

Addition of \$400,000 in revenue related to an increase in projected Business Tax revenue and Rental Unit Business Tax revenue. Of this amount, \$100,000 is attributed to the implementation of the Employee Count Verification Program that cites businesses that underreport their business tax employee count; \$240,000 is related to the FTP Non-Compliance Program that cites business that are out of compliance with the Business Tax; and \$60,000 is associated with increased billing statements related to the Rental Unit Business Tax billing system.

Lobby Security

Addition of \$40,000 in non-personnel expenditures for the one-time replacement of the legacy security system in the treasury operations lobby located in the Civic Center Plaza building and the installation of a security system in the new parking ticket lobby located in the Community Concourse building.

Citywide Program Expenditures

Net Expenditure Adjustment: (\$1,205,062)

Kinder Morgan Litigation

Re-budgeting of \$700,000 in one-time non-personnel expenditures for the Kinder Morgan litigation.

Property Tax Administration Fees

Reduction of \$261,377 in non-personnel expenditures based on the Fiscal Year 2013 year-end projection of Property Tax Administration Fees imposed by the County of San Diego.

Attachment C

Page 10 of 23

Honorable Council President Todd Gloria and Members of the City Council

May 21, 2013

Rent Savings

Reduction of \$1.6 million in non-personnel expenditures due to the savings in office rent related to the move of City offices from 600 B Street to 525 B Street. This amount assumes 11 months of rent savings.

Department of Information Technology

Expenditure Adjustment: (\$500,000)

PC Replacement Contract

Reduction of \$500,000 in one-time non-personnel expenditures due to price reductions associated with the General Fund PC replacement purchases for the Windows 7 migration.

Economic Development

Revenue Adjustment: \$4,267,478

Expenditure Adjustment: \$4,962,115

Revenue for Reimbursable Position

Addition of \$140,363 in revenue associated with the Development Project Manager that was transferred from the Development Services Enterprise Fund to the Economic Development Department in the Fiscal Year 2014 Proposed Budget.

Redevelopment and Housing Successor Agencies

Addition of \$4.1 million in revenue and expenditures associated with the pass-through payments from the County Auditor-Controller to the Redevelopment and Housing Successor Agencies as part of the wind-down of the Redevelopment Agency. Revenues and expenditures are contingent upon the approval of the semi-annual Recognized Obligation Payment Schedule (ROPS) by the State Department of Finance.

HUD Program Manager

Addition of 1.00 Program Manager and a net increase of \$73,790 in personnel expenditures and offsetting revenue to oversee the Housing and Urban Development (HUD) programs. This position addition is partially offset by a reduction of 1.00 Community Development Coordinator, and fully cost-recoverable from the Community Development Block Grant (CDBG) program.

BID Support

Restoral of \$185,000 in non-personnel expenditures for increased small business enhancement grants, micro districts grants, and technical assistance.

Veterans' Shelter

Addition of \$600,000 in non-personnel expenditures to extend the operations of the Veterans' Shelter to year-round. This funding will be in addition to \$349,200 in CDBG and Emergency Shelter Grant (ESG) funding proposed for Fiscal Year 2014. The Mayor

is working with Veterans homeless service providers, the Veteran's Administration and the veteran advisory committee to develop a comprehensive plan to address homelessness among the City's veteran community.

Check-In Center

Addition of \$50,000 in non-personnel expenditures to sustain the Homeless Storage Check-in Center.

Environmental Services

Expenditure Adjustment: **\$50,000**

Downtown Port-a-Potties & Portland Loos Maintenance

Addition of \$50,000 in non-personnel expenditures to install and maintain Port-A-Potties in the downtown area and also maintain the downtown public restrooms (Portland Loos) once installed.

Fire-Rescue

FTE Adjustment: **3.00**

Revenue Adjustment: **\$116,029**

Expenditure Adjustment: **\$1,865,125**

Fuel Expenses

Addition of \$1.0 million in non-personnel expenditures for increased fuel costs based on historical expenditure levels.

SAFE Funds

Addition of \$245,000 in one-time expenditures associated with the re-budgeting of Service Authority for Freeway Emergencies (SAFE) program reserve funds. Funds will be used for an attachment for the tail boom of Copter 1 for increased payload and greater flight safety, battery-powered heavy-duty tools to dismantle vehicles in emergencies, and thirteen sets of heavy-duty strut systems to stabilize vehicles following a collision.

Lifeguard Sergeant

Addition of 1.00 Lifeguard Sergeant and \$116,029 in associated one-time personnel expenditures and revenue to fill the role of Regional Maritime Preparedness Manager. This position will be tasked with planning, coordinating, and developing operational response plans for a wide variety of water-related disasters or emergencies for the San Diego region. In addition, the position will organize and develop training and drills for water-related emergencies. This position is cost recoverable through the Urban Area Security Initiative (UASI) grant.

Marine Safety Captain Restoration

Restoration of 1.00 Marine Safety Captain and \$163,072 in personnel expenditures. The Marine Safety Captain was eliminated during budget reductions occurring in Fiscal Year

Attachment C

Page 12 of 23

Honorable Council President Todd Gloria and Members of the City Council

May 21, 2013

2010. The Lifeguard Division requires this position to assist in supervising operational readiness as well as to assist in properly managing its wide range of responsibilities. The Marine Safety Captain is classified, unrepresented and will report directly to the Lifeguard Chief and assist in all aspects of Division management.

Lifeguard Scheduling Sergeant Restoration

Restoration of 1.00 Scheduling Sergeant and \$116,024 in personnel expenditures. The Scheduling Sergeant was eliminated during budget reductions occurring in Fiscal Year 2010. The Lifeguard Division requires this position to manage and supervise complex scheduling needs. Constant staffing requirements and minimum staffing levels are vital to emergency operations. The Scheduling Sergeant will ensure these are met on a daily basis and provide for advanced planning and organization. This position will also work closely with the Division's Training Section to provide advanced schedule planning for training and will also assist in scheduling for emergency deployments.

Advanced Lifeguard Academy

Addition of \$225,000 in one-time non-personnel expenditures for an advanced lifeguard academy. The Lifeguard Division currently needs to promote seven open positions, with an eighth opening anticipated early in Fiscal Year 2014. This will require an advanced lifeguard academy to provide necessary training. Additionally, a recent review of the Advanced Lifeguard Academy curriculum resulted in recommendations to broaden and improve the scope and duration of the training, expanding it from five weeks to ten weeks.

Human Resources

Net FTE Adjustment: 2.00
Net Expenditure Adjustment: \$451,623

Human Resources Officers

Addition of 2.00 Human Resources Officers, \$275,268 in associated personnel expenditures, and \$2,000 in non-personnel expenditures to review existing departmental agreements for possible efficiency negotiating opportunities, and negotiate identified impacts of removal of obsolete processes. The positions will also negotiate adopted Managed Competition plans, contracting protocols, and other innovative initiatives throughout the City with the City's recognized labor organizations consistent with the Meyers-Milias-Brown Act (MMBA) requirements.

Addition of 1.00 Human Resources Officer and \$176,355 in associated personnel expenditures to focus on youth workforce development initiatives in communities and establish partnerships with related organizations.

Senior Management Analyst

Reduction of 1.00 unfunded vacant Senior Management Analyst.

Office of the Mayor*Expenditure Adjustment:* \$136,839**Director of Open Government**

Addition of \$71,375 in personnel expenditures to convert the Director of Open Government position that was added in the Fiscal Year 2014 Proposed Budget from a provisional non-benefitted position to a permanent benefitted position.

IQ Software

Addition of \$65,464 in non-personnel expenditures for Intranet Quorum (IQ). software and support. IQ is a tool that will assist the Mayor's Office with streamlining and improving communications with constituents, effectively directing City services to resolving citizen concerns, and performing necessary administrative functions.

Park & Recreation

Net FTE Adjustment: 0.78
Net Revenue Adjustment: (\$1,171,737)
Net Expenditure Adjustment: \$443,069

Park Assets Condition/Needs Assessment

Addition of 0.53 non-standard hour FTE position and \$264,000 in one-time non-personnel expenditures to begin a condition/needs assessment of park assets.

Memorial Pool Expansion

Reduction of 0.75 Pool Guard 2 – Hourly, \$26,989 in associated expenditures, and \$2,500 in associated revenue due to the delay in construction of the Memorial Pool expansion project to Fiscal Year 2015.

Operations of Seal Cam

Addition of \$50,000 in non-personnel expenditures related to the operation of the Seal Cam. The Coastal Development Permit as issued by the California Coastal Commission for the year-round rope placement allows for remote monitoring of the Children's Pool via surveillance camera.

Support for Brush Management

Addition of 1.00 Biologist 3 and \$112,058 in associated personnel expenditures to oversee the work of a new contractor for brush management. The City is required to conduct brush management on land it owns at the urban/wildland interface every other year in accordance with the San Diego Municipal Code Section 142.0412.

Portable Pool Program

Addition of \$44,000 in one-time non-personnel expenditures toward the Portable Pool Program for the 2013 summer operations.

Attachment C

Page 14 of 23

Honorable Council President Todd Gloria and Members of the City Council

May 21, 2013

Special Promotional Programs TOT Transfer

Reduction of \$1.2 million in reimbursements for tourism-related expenditures from TOT revenue as a result of lower TOT receipts in Fiscal Year 2013.

Personnel

Expenditure Adjustment: **\$50,000**

New Employee Medical Examination and Random Drug Testing

Addition of \$50,000 in non-personnel expenditures for new employee medical examinations and random drug testing contract expenses.

Police

FTE Adjustment: **4.00**

Expenditure Adjustment: **\$3,272,544**

Property Room Relocation

Addition of \$300,000 in non-personnel expenditures to support the relocation of the property room from Police Headquarters to a new location.

Police Civilian Positions

Addition of 2.00 Dispatcher 2s, 1.00 Criminalist 2, 1.00 Police Investigative Service Officer 2, and \$346,039 of associated personnel expenditures to support Police Department operations.

AB 109 Funds

Addition of \$714,005 in personnel expenditures for a one-time increase in budgeted overtime for sworn personnel based on the use of AB 109 funds for the monitoring of non-violent offenders post-release.

Parking Enforcement Equipment

Addition of \$400,000 in non-personnel expenditures for the one-time replacement of handheld equipment used by parking enforcement staff to issue parking citations.

SAFE Program Reserve Funds

Addition of \$1.5 million in one-time expenditures for the use of SAFE program reserve funds. Funds will be used for fuel costs, one gyro-stabilized camera system, four mounts and mapping systems for the Police helicopters, 500 reflective safety vests, 100 kits of turbo and electric road flares, four mobile generator powered LED programmable traffic information signs, and two enclosed trailers with 500 traffic cones and 50 stop signs.

Public Works – Engineering & Capital Projects

FTE Adjustment: **1.00**

Revenue Adjustment: **\$118,204**

Expenditure Adjustment: **\$198,204**

Convention Center Expansion

Addition of 1.00 limited Associate Engineer-Civil, \$118,204 in associated personnel expenditures and offsetting revenue to support and manage the Convention Center Expansion Project.

Information Technology

Addition of \$80,000 in one-time non-personnel expenditures to support the Geographic Information System (GIS) Interactive Mapping Coordination Action Tool (IMCAT) system. This system coordinates all activity in the City right-of-way, including CIP projects, private construction, and other events.

Public Works – General Services

Expenditure Adjustment: **\$1,050,000**

Facilities Condition/Needs Assessment

Addition of \$1.0 million in one-time non-personnel expenditures to conduct a condition/needs assessment of City facilities.

Tubman-Chavez Community Center

Addition of \$50,000 for one-time minor repairs at the Tubman-Chavez Community Center. This facility serves as the headquarters for the Coalition of Neighborhood Councils.

Purchasing & Contracting

FTE Adjustment: **2.00**

Expenditure Adjustment: **\$310,194**

Contracting Support

Addition of 1.00 Program Manager and \$192,015 in associated personnel expenditures to provide supervisory support for the implementation of critical operational improvements. Tasks supported by this position include the implementation of Planet Bids, Equal Opportunity Contracting (EOC) action plans, a procurement forecasting process, and a post-award contract management process across all City departments.

Equal Opportunity Contracting Support

Addition of 1.00 Senior Management Analyst and \$118,179 in associated personnel expenditures to support the Equal Opportunity Contracting (EOC) Program. This position will assist with the increased capacity due to implementation of supplier diversity efforts within the Purchasing & Contracting Department and Citywide compliance efforts with Equal Opportunity Contracting Program requirements.

Transportation & Storm Water

FTE Adjustment: **13.00**

Net Revenue Adjustment: **(\$381,403)**

Net Expenditure Adjustment: **\$3,294,668**

Attachment C

Page 16 of 23

Honorable Council President Todd Gloria and Members of the City Council

May 21, 2013

Revised TransNet Revenue

Addition of \$231,722 in TransNet revenue due to current projections from the San Diego Association of Governments (SANDAG).

Revised Gas Tax Revenue

Reduction of \$613,125 in Gas Tax revenue to align budget with historical revenue received.

SAFE Program Reserve Funds

Addition of \$2.4 million in one-time expenditures for the use of SAFE program reserve funds. Of this amount, \$2.0 million will be used to upgrade the City's Traffic Control System, including installing a new interconnect system between traffic signals, traffic monitoring video systems, an Adaptive Traffic Control system, and upgraded signal controllers, and coordinating or retiming traffic signals citywide. The remaining amount of \$383,459 will be used to partially fund changeable message signs.

Catch Basin Inspection and Cleaning

Addition of 13.00 FTE positions and a net \$511,209 in associated expenditures to perform required inspection and cleaning of approximately 24,000 catch basins, inlets, and cleanouts citywide in right-of-way areas, drain easements, and City facilities in accordance with storm water regulatory requirements. The current Storm Water Permit requires the City to annually inspect and maintain these catch-basins, cleanouts, and inlets. The addition of these positions allows for compliance of City Charter requirements and MMBA obligations regarding performance of City services, as well as adherence to storm water regulations.

Traffic Signal Communications Infrastructure Master Plan

Addition of \$200,000 in one-time non-personnel expenditures to develop a Traffic Signal Communications Infrastructure Master Plan to identify and map existing and deficient traffic communication systems, facilities, and other infrastructure, and a Pedestrian Safety Study.

Tree Trimming

Addition of \$100,000 in one-time non-personnel expenditures for tree trimming services.

Transfer to CIP

Addition of \$100,000 in one-time expenditures for street lighting CIP projects in City Heights, Southcrest, Mount Hope, and Mountain View.

NON-GENERAL FUNDS**Fire/Emergency Medical Services Transportation Program Fund**

<i>FTE Adjustment:</i>	2.00
<i>Revenue Adjustment:</i>	\$20,000
<i>Expenditure Adjustment:</i>	\$387,731

Paramedic Pay

Addition of \$178,403 in personnel expenditures for paramedic pay for employees with a paramedic designation and who regularly rotate on ambulances.

San Diego Project Heartbeat

Addition of 1.00 Program Manager and 1.00 Administrative Aide 2, \$209,328 in associated personnel expenditures, and an additional \$20,000 in associated revenue to support San Diego Project Heartbeat (SDPHB), which is a public access defibrillation program for the City of San Diego. Expenditures are fully funded by a marketing rights fee, promotional budget, and sales stipend from the manufacturer of the automatic external defibrillators.

GIS Fund

Net Expenditure Adjustment: (\$94,046)

Reduction in SanGIS Dues

One-time reduction of \$193,046 in non-personnel expenditures due to the SanGIS Board voting to use available reserves in Fiscal Year 2014.

Server Migration

One-time addition of \$99,000 in non-personnel expenditures to provide support for the migration of the GIS server applications to new databases. The legacy ArcIMS applications are no longer supported by the vendor (ESRI).

Information Technology Fund

Expenditure Adjustment: \$357,301

Information Technology Systems Support

Addition of \$357,301 in non-personnel expenditures for license fees, Virtual Private Network (VPN) access and replacement tokens for employees and vendors, and the support of various citywide information technology systems. The systems supported by this increase include the SIRE E-1472 docketing system, Micro Focus Server and Studio Enterprise Edition, device management and Wide Area Network (WAN) optimization, and application development tools licenses.

Attachment C

Page 18 of 23

Honorable Council President Todd Gloria and Members of the City Council

May 21, 2013

Refuse Disposal Fund

<i>FTE Adjustment:</i>	<i>(1.00)</i>
<i>Revenue Adjustment:</i>	<i>\$5,554</i>
<i>Net Expenditure Adjustment:</i>	<i>\$535,436</i>

SDG&E Settlement Revenue

Addition of \$5,554 in SDG&E wildfire settlement revenue from the Public Liability Fund.

Ridgehaven Roof Replacement

Addition of \$635,483 in non-personnel expenditures for the replacement and upgrade of the existing roof at the Environmental Services Department's Ridgehaven facility.

Landfill Managed Competition

Reduction of 1.00 Hazardous Materials Inspector 2 and \$100,047 in associated personnel revenue as a result of the Landfill Operations and Maintenance Managed Competition effort subject to the City's obligations under the Meyers-Milias-Brown Act (MMBA).

Maintenance Assessment District Funds

<i>Revenue Adjustment:</i>	<i>\$336,431</i>
<i>Net Expenditure Adjustment:</i>	<i>\$217,748</i>

Net reduction of \$262,447 in non-personnel expenditures in the Maintenance Assessment District (MAD) Management Fund, which includes a reduction of \$272,597 to balance reserves, and the addition of \$10,150 for 14 new PCs.

Addition of \$636,431 in non-personnel expenditures and \$336,431 in revenue in the Barrio Logan MAD Fund to establish the Fiscal Year 2014 budget for this newly created MAD.

Additionally, a net reduction of \$156,236 is included in various MAD Funds to reflect revised projections for Fiscal Year 2014.

Proposition 42 Replacement – Transportation Relief Fund

<i>Revenue Adjustment:</i>	<i>\$4,230,226</i>
<i>Expenditure Adjustment:</i>	<i>\$2,230,226</i>

Addition of \$4.2 million in revenue due to an increase in the gasoline excise tax from 18 cents per gallon to 21.5 cents per gallon effective July 1, 2013. As a result, non-personnel expenditures are increased by \$2.2 million for slurry seal. The remaining \$2.0 million will be used to fund CIP projects, which include \$1.5 million for concrete streets and \$500,000 for sidewalk repairs and reconstruction.

Risk Management Administration Fund**Revenue Adjustment:** (\$986,016)

Reduction of \$986,016 in revenue to reflect the one-time use of fund balance in Fiscal Year 2014.

Transient Occupancy Tax (TOT) Fund**Expenditure Adjustment:** (\$1,260,906)**Revenue Adjustment:** (\$1,260,906)**Revised Revenue**

Reduction of \$1.3 million in TOT revenue based on Fiscal Year 2013 TOT receipts.

Arts, Culture, and Community Festivals

Increase of \$40,000 to the Mayor's Discretionary TOT Allocation in the Arts, Culture, and Community Festivals to support programs and organizations.

Economic Development Programs

Increase of \$160,512 to support programs and organizations in the Economic Development and Tourism Support category.

Discretionary One-Cent

Reduction of \$292,181 to reflect the decrease in the one-cent TOT revenue that supports the General Fund.

Support for Safety and Maintenance of Visitor-Related Facilities

Reduction of \$1.2 million to reflect the decrease in TOT revenues used to reimburse the General Fund in the Park & Recreation Department for expenditures associated with the safety and maintenance of visitor-related facilities.

Special Promotional Program Fund AllocationsThe May Revision includes *Attachment 3* (Excerpt from Council Policy 100-03: Transient Occupancy Tax) and *Attachment 4* (Transient Occupancy Tax Fund Allocations) for Fiscal Year 2014. It is the intent of the City Council that the TOT Fund appropriations be expended in accordance with Council Policy 100-03.

- ***Arts, Culture, and Community Festivals – Programs***
Allocation of \$7.1 million to Arts, Culture, and Community Festivals for programs and organizations in the categories of Organizational Support and Creative Communities.
- ***Economic Development - Programs***
Allocation of \$1.3 million to Economic Development Programs for programs and organizations in the areas of Citywide Economic Development and Economic Development and Tourism Support.

Attachment C

Page 20 of 23

Honorable Council President Todd Gloria and Members of the City Council

May 21, 2013

TransNet Extension Funds

Revenue Adjustment: \$687,197

Expenditure Adjustment: \$299,322

Revised Revenue

Addition of \$687,197 in revenue due to revised estimates from the State of California. As a result of the increase in revenue, the non-personnel expenditure transfer to the Transportation and Storm Water Department has been increased by \$231,722 to support department operations.

Regional Arterial Management System

Addition of \$67,600 in non-personnel expenditures for fees to support SANDAG's Regional Arterial Management System (RAMS) which links local agencies to one common system.

Sewer Funds

FTE Adjustment: 6.42

Revenue Adjustment: \$18,844

Net Expenditure Adjustment: \$2,617,713

SDG&E Settlement Revenue

Addition of \$18,844 in SDG&E wildfire settlement revenue from the Public Liability Fund.

Pipeline and Systems Condition Assessments

Addition of \$3.7 million in non-personnel expenditures to conduct condition assessments of wastewater pipelines and operation optimization.

Facilities Condition Assessment

Addition of \$306,000 in non-personnel expenditures for a facility condition/needs assessment which will focus on buildings and systems and include adjoining parking lots and lighting.

Customer Service Call Center

Addition of 6.25 FTE positions and \$497,791 in associated personnel expenditures to support the Customer Service Office call center and to increase service levels.

Building Services Technician

Addition of 0.67 Building Service Technician and \$48,388 in associated personnel expenditures to address facility needs at City-owned buildings.

Rent Savings

Reduction of \$448,455 million in non-personnel expenditures due to the savings in office rent related to the move of City offices from 600 B Street to 525 B Street. This amount assumes 11 months of rent savings.

State Revolving Fund (SRF)

Reduction of \$1.5 million in the transfer to the SRF reserves since the City Comptroller will transfer cash directly from fund balance.

Accountant 3 Transfer

Transfer of 0.50 Accountant 3 and associated personnel expenditures of \$53,419 from the Public Utilities Department to the City Comptroller Department to perform internal controls work.

SLA for Auditing and Internal Controls

Addition of \$71,000 in non-personnel expenditures associated with the Service Level Agreement (SLA) with the City Comptroller Department for Customer Care Solution (CCS) auditing and internal controls.

Water Utility Fund

<i>FTE Adjustment:</i>	7.08
<i>Net Revenue Adjustment:</i>	(\$9,322,731)
<i>Net Expenditure Adjustment:</i>	\$4,573,189

SDG&E Settlement Revenue

Addition of \$3.4 million in SDG&E wildfire settlement revenue from the Public Liability Fund.

Pipeline and Systems Condition Assessments

Addition of \$4.5 million in non-personnel expenditures to conduct condition assessments of water transmission pipelines, reservoirs, AC water mains, programmatic water transmission, and operation optimization.

Facilities Condition Assessment

Addition of \$294,000 in non-personnel expenditures for a facilities condition/needs assessment which will focus on buildings and systems and include adjoining parking lots and lighting.

Building Services Technician

Addition of 0.33 Building Service Technician and \$23,832 in associated personnel expenditures to address facility needs at City-owned buildings.

Attachment C

Page 22 of 23

Honorable Council President Todd Gloria and Members of the City Council

May 21, 2013

Customer Service Call Center Support

Addition of 6.25 FTE positions and \$497,791 in associated personnel expenditures to support the Customer Service Office call center and to increase service levels.

Accountant 3 Transfer

Transfer of 0.50 Accountant 3 and associated personnel expenditures of \$53,368 from the Public Utilities Department to the City Comptroller Department to perform internal controls work.

Water Sales Revenue

Reduction of \$15.0 million in revenue associated with water sales based on updated projections for Fiscal Year 2014.

Reclaimed Water Incentive Credits

Addition of \$2.3 million in revenue due to updated projections for Reclaimed Water Incentive Credits from the County Water Authority.

SLA for Auditing and Internal Controls

Addition of \$71,000 in non-personnel expenditures associated with the Service Level Agreement with the City Comptroller Department for CCS auditing and internal controls.

Position Correction

Addition of 1.00 Hazardous Materials Inspector 2 and \$99,884 in associated personnel expenditures as a technical correction to the reduction of this position in the Fiscal Year 2014 Proposed Budget.

Rent Savings

Reduction of \$868,232 million in non-personnel expenditures due to the savings in office rent related to the move of City offices from 600 B Street to 525 B Street. This amount assumes 11 months of rent savings.

CAPITAL IMPROVEMENTS PROGRAM (CIP)

Adjustments to capital improvement projects are primarily due to the identification of additional funding, re-prioritization, or correction of proposed allocations. The Fiscal Year 2014 May Revision CIP adjustments total an increase of \$10.8 million to the Fiscal Year 2014 Proposed CIP Budget. *Attachment 5* provides an itemized list of the changes by project along with a brief description of each change.

Below are changes to the list of underfunded projects that are proposed to receive funding during Fiscal Year 2014, pending availability of funds from other project closures and changes to the planned construction contracts:

- Project S10091 – Sunset Cliffs Natural Pk Hillside Imp Preservation received \$270,000 in Regional Park Improvements funding in the May Revision. Therefore, this project should be removed from the Underfunded Projects list found on page 16 of Volume 3 of the Fiscal Year 2014 Proposed Budget since it has been determined that Phase I construction is now fully funded. This project should also be added to the Construction Contracts list found on page 19 of Volume 3 of the Fiscal Year 2014 Proposed Budget with an estimated construction contract amount of \$202,500, a Design, Bid, Build delivery method, and a total project cost of \$4.0 million.
- The Stormwater Mitigation Project, a sub-project of annual allocation ACC00001 – Watershed CIP, should be added to the Construction Contracts list found on page 19 of Volume 3 of the Fiscal Year 2014 Proposed Budget with an estimated construction contract amount of \$875,000, a Design, Build delivery method, and a total project cost of \$1.3 million.

Attachments:

1. FY 2014 General Fund Reserve Estimates
2. FY 2014 Mayor's May Revision Summary Table
3. Excerpt from Council Policy 100-03: Transient Occupancy Tax
4. FY 2014 Transient Occupancy Tax Fund Allocations
5. FY 2014 CIP May Revision Adjustments

cc: Vince Hall, Chief of Staff

Scott Chadwick, Interim Chief Operating Officer

Nelson Hernandez, Assistant Chief Operating Officer

Greg Bych, Interim Chief Financial Officer

Andrea Tevlin, Independent Budget Analyst

Francisco Estrada, Director of Council Affairs

Department Directors

Julio Canizal, Deputy Director of Financial Management

Irina Kumits, Deputy Director of Financial Management

Financial Management Staff

Attachment C

FY 2014 General Fund Reserve Estimates		
<i>in millions</i>		
Description	Amount	% of Revenue⁴
FY 2012 Ending Balance		
Unassigned Balance	\$ 108.7	
Emergency Reserve	58.5	
Subtotal	\$ 167.2	14.1%
FY 2013 Budgeted Use of Fund Balance ¹	\$ (14.3)	
FY 2013 Budgeted Ending Fund Balance	\$ 153.0	13.0%
FY 2013 Projected Budgetary Surplus ²	\$ 17.0	
FY 2013 Projected Ending Fund Balance	\$ 170.0	14.5%
FY 2014 Re-Budget from FY 2013 Savings ³	\$ (13.9)	
FY 2014 Projected Ending Fund Balance	\$ 156.0	13.0%

¹ The FY 2013 Adopted Budget included the use of \$12.7 million of fund balance. Subsequent to the adoption of the budget, the City Council approved a payment of \$0.5 million to Civic San Diego which increased the total budgeted use of fund balance to \$13.2 million. An additional \$1.1 million was the result of the use of surplus presented in the FY 2013 Mid-Year Budget Monitoring Report and approved by City Council in R-308030. As a result of these actions, the current budget includes the use of \$14.3 million of fund balance.

² FY 2013 projected budgetary surplus as discussed in the FY 2013 Year-End Budget Monitoring Report.

³ The list of items to be re-budgeted in FY 2014 includes: \$1.4 million for Community Projects, Programs, and Services, \$0.5 million for Community Plan Updates, \$1.1 million for replacement of Police Equipment, \$0.5 million for a Lifeguard cliff rescue vehicle, \$0.3 million for the Balboa Park Traffic Management Plan, \$0.2 million for MTS student bus passes, \$4.1 million for SAFE expenditures, \$0.7 million for AB 109 Police overtime, \$0.7 million for Kinder Morgan litigation, and \$4.4 million for the use of the FY 2013 budgetary surplus.

⁴ The reserve percentage is calculated based on revenues in the corresponding fiscal year.

GENERAL FUND

DEPARTMENT TITLE	BUDGET ADJUSTMENT	FTE	PE	NPE	EXP	REVENUE
City Attorney	Addition of Personnel Expenditures	-	\$ 925,000	\$ -	\$ 925,000	\$ -
City Attorney Total	Addition of Consumer and Environmental Protection & Prop. 64 Revenue	-	\$ 925,000	\$ -	\$ 925,000	\$ 925,000
City Auditor	Peer Review of Internal Controls	-	\$ -	\$ 5,000	\$ 5,000	\$ -
	Assistant to the Director	1.00	\$ 112,386	\$ -	\$ 112,386	\$ -
City Auditor Total	Electronic Work Paper System	-	\$ -	\$ 20,000	\$ 20,000	\$ -
	Passport Acceptance Facility	1.00	\$ 112,386	\$ 25,000	\$ 137,386	\$ -
City Clerk	Archive Expansion	0.28	\$ 93	\$ -	\$ 93	\$ -
City Clerk Total		0.28	\$ 93	\$ 50,000	\$ 50,093	\$ -
City Comptroller	Accountant 3 Transfer	1.00	\$ 106,787	\$ -	\$ 106,787	\$ 106,787
City Comptroller Total		1.00	\$ 106,787	\$ -	\$ 106,787	\$ 106,787
City Treasurer	Lobby Security	-	\$ -	\$ 40,000	\$ 40,000	\$ -
	Business Tax and Rental Unit Business Tax Revenue	-	\$ -	\$ -	\$ -	\$ 400,000
City Treasurer Total		-	\$ -	\$ 40,000	\$ 40,000	\$ 400,000
Citywide Program Expenditures	Rent Savings	-	\$ -	\$ (1,643,685)	\$ (1,643,685)	\$ -
	Property Tax Administration Fees	-	\$ -	\$ (261,377)	\$ (261,377)	\$ -
	Kinder Morgan Litigation	-	\$ -	\$ 700,000	\$ 700,000	\$ -
Citywide Program Expenditures Total		-	\$ -	\$ (1,205,062)	\$ (1,205,062)	\$ -
Civic & Urban Initiatives	Transfer of Urban Initiatives Program	6.00	\$ 613,238	\$ 336,762	\$ 950,000	\$ -
Civic & Urban Initiatives Total		6.00	\$ 613,238	\$ 336,762	\$ 950,000	\$ -
Council District 1 - CPPS	Community Projects, Programs, and Services Adjustment	-	\$ -	\$ (9,742)	\$ (9,742)	\$ -
Council District 1 - CPPS Total		-	\$ -	\$ (9,742)	\$ (9,742)	\$ -
Council District 2 - CPPS	Community Projects, Programs, and Services Adjustment	-	\$ -	\$ (29,381)	\$ (29,381)	\$ -
Council District 2 - CPPS Total		-	\$ -	\$ (29,381)	\$ (29,381)	\$ -
Council District 3 - CPPS	Community Projects, Programs, and Services Adjustment	-	\$ -	\$ (2,169)	\$ (2,169)	\$ -
Council District 3 - CPPS Total		-	\$ -	\$ (2,169)	\$ (2,169)	\$ -
Council District 4 - CPPS	Community Projects, Programs, and Services Adjustment	-	\$ -	\$ (25,629)	\$ (25,629)	\$ -
Council District 4 - CPPS Total		-	\$ -	\$ (25,629)	\$ (25,629)	\$ -
Council District 5 - CPPS	Community Projects, Programs, and Services Adjustment	-	\$ -	\$ 48,923	\$ 48,923	\$ -
Council District 5 - CPPS Total		-	\$ -	\$ 48,923	\$ 48,923	\$ -
Council District 6 - CPPS	Community Projects, Programs, and Services Adjustment	-	\$ -	\$ 6,779	\$ 6,779	\$ -
Council District 6 - CPPS Total		-	\$ -	\$ 6,779	\$ 6,779	\$ -
Council District 7 - CPPS	Community Projects, Programs, and Services Adjustment	-	\$ -	\$ (48,202)	\$ (48,202)	\$ -
Council District 7 - CPPS Total		-	\$ -	\$ (48,202)	\$ (48,202)	\$ -
Council District 8 - CPPS	Community Projects, Programs, and Services Adjustment	-	\$ -	\$ (18,536)	\$ (18,536)	\$ -
Council District 8 - CPPS Total		-	\$ -	\$ (18,536)	\$ (18,536)	\$ -
Council District 9 - CPPS	Community Projects, Programs, and Services Adjustment	-	\$ -	\$ 63,525	\$ 63,525	\$ -
Council District 9 - CPPS Total		-	\$ -	\$ 63,525	\$ 63,525	\$ -
Department of Information Technology	PC Replacement Adjustment	-	\$ -	\$ (500,000)	\$ (500,000)	\$ -
	Transfer of Multimedia Services	(5.00)	\$ (572,527)	\$ (113,105)	\$ (685,632)	\$ (113,300)
Department of Information Technology Total		(5.00)	\$ (572,527)	\$ (613,105)	\$ (1,185,632)	\$ (113,300)
Development Services	Transfer of Urban Initiatives Program	(6.00)	\$ (613,238)	\$ (336,762)	\$ (950,000)	\$ -
Development Services Total		(6.00)	\$ (613,238)	\$ (336,762)	\$ (950,000)	\$ -

Attachment C

GENERAL FUND	DEPARTMENT TITLE	BUDGET ADJUSTMENT	FTE	PE	NPE	EXP	REVENUE
	HUD Program Manager		-	\$ 73,790	\$ -	\$ 73,790	\$ 73,790
	Check-in Center		-	\$ -	\$ 50,000	\$ 50,000	\$ -
	Veterans' Shelter		-	\$ -	\$ 600,000	\$ 600,000	\$ -
Economic Development	Revenue for Reimbursable Position		-	\$ -	\$ -	\$ -	\$ 140,363
	Redevelopment and Housing Successor Agencies		-	\$ -	\$ 4,053,325	\$ 4,053,325	\$ 4,053,325
	BID Support		-	\$ -	\$ 185,000	\$ 185,000	\$ -
Economic Development Total			-	\$ 73,790	\$ 4,888,325	\$ 4,962,115	\$ 4,267,478
Environmental Services	Downtown Port-a-Potties & Portland Loos Maintenance		-	\$ -	\$ 50,000	\$ 50,000	\$ -
Environmental Services Total			-	\$ -	\$ 50,000	\$ 50,000	\$ -
	Lifeguard Sergeant		1.00	\$ 116,029	\$ -	\$ 116,029	\$ 116,029
	Marine Safety Captain Restoration		1.00	\$ 163,072	\$ -	\$ 163,072	\$ -
Fire-Rescue	SAFE Funds		-	\$ -	\$ 245,000	\$ 245,000	\$ -
	Fuel Expenses		-	\$ -	\$ 1,000,000	\$ 1,000,000	\$ -
	Lifeguard Scheduling Sergeant Restoration		1.00	\$ 116,024	\$ -	\$ 116,024	\$ -
	Advanced Lifeguard Academy		-	\$ -	\$ 225,000	\$ 225,000	\$ -
Fire-Rescue Total			3.00	\$ 395,125	\$ 1,470,000	\$ 1,865,125	\$ 116,029
General Fund Departments	Risk Management Adjustment		-	\$ (701,672)	\$ -	\$ (701,672)	\$ -
	Workers Compensation Adjustment		-	\$ (1,288,097)	\$ -	\$ (1,288,097)	\$ -
General Fund Departments Total			-	\$ (1,989,769)	\$ -	\$ (1,989,769)	\$ -
Human Resources	Senior Management Analyst		(1.00)	\$ -	\$ -	\$ -	\$ -
	Human Resources Officers		3.00	\$ 449,623	\$ 2,000	\$ 451,623	\$ -
Human Resources Total			2.00	\$ 449,623	\$ 2,000	\$ 451,623	\$ -
	Transient Occupancy Tax (TOT) Revenue		-	\$ -	\$ -	\$ -	\$ (1,695,929)
Major Revenues	Property Transfer Tax Revenue		-	\$ -	\$ -	\$ -	\$ 58,477
	Property Tax Revenue		-	\$ -	\$ -	\$ -	\$ 5,834,311
	Tobacco Settlement Revenue (TSR)		-	\$ -	\$ -	\$ -	\$ 3,760,000
	SDG&E Settlement Revenue		-	\$ -	\$ -	\$ -	\$ (8,671,150)
Major Revenues Total			-	\$ -	\$ -	\$ -	\$ (714,291)
Multimedia Services	Transfer of Multimedia Services from Department of IT		5.00	\$ 572,527	\$ 113,105	\$ 685,632	\$ 113,300
Multimedia Services Total			5.00	\$ 572,527	\$ 113,105	\$ 685,632	\$ 113,300
Office of the Mayor	Director of Open Government		-	\$ 71,375	\$ -	\$ 71,375	\$ -
	IQ Software		-	\$ -	\$ 65,464	\$ 65,464	\$ -
Office of the Mayor Total			-	\$ 71,375	\$ 65,464	\$ 136,839	\$ -
	Memorial Pool Expansion		(0.75)	\$ (21,989)	\$ (5,000)	\$ (26,989)	\$ (2,500)
	Portable Pool Program		-	\$ -	\$ 44,000	\$ 44,000	\$ -
Park & Recreation	Park Assets Condition/Needs Assessment		0.53	\$ -	\$ 264,000	\$ 264,000	\$ -
	Support for Brush Management		1.00	\$ 112,058	\$ -	\$ 112,058	\$ -
	Special Promotional Programs TOT Transfer		-	\$ -	\$ -	\$ -	\$ (1,169,237)
	Operations of Seal Cam		-	\$ -	\$ 50,000	\$ 50,000	\$ -
Park & Recreation Total			0.78	\$ 90,069	\$ 353,000	\$ 443,069	\$ (1,171,737)
Personnel	New Employee Medical Examination and Random Drug Testing		-	\$ -	\$ 50,000	\$ 50,000	\$ -
Personnel Total			-	\$ -	\$ 50,000	\$ 50,000	\$ -

GENERAL FUND	DEPARTMENT TITLE	BUDGET ADJUSTMENT	FTE	PE	NPE	EXP	REVENUE
		Parking Enforcement Equipment	-	\$ -	\$ 400,000	\$ 400,000	\$ -
	Police	Police Civilian Positions	4.00	\$ 346,039	\$ -	\$ 346,039	\$ -
		Property Room Relocation	-	\$ -	\$ 300,000	\$ 300,000	\$ -
		SAFE Program Reserve Funds	-	\$ -	\$ 1,512,500	\$ 1,512,500	\$ -
		AB 109 Funds	-	\$ 714,005	\$ -	\$ 714,005	\$ -
	Police Total		4.00	\$ 1,060,044	\$ 2,212,500	\$ 3,272,544	\$ -
	Public Works - Engineering & Capital Projects	Convention Center Expansion	1.00	\$ 118,204	\$ -	\$ 118,204	\$ 118,204
		Information Technology	-	\$ -	\$ 80,000	\$ 80,000	\$ -
	Public Works - Engineering & Capital Projects Total		1.00	\$ 118,204	\$ 80,000	\$ 198,204	\$ 118,204
	Public Works - General Services	Facilities Condition/Needs Assessment	-	\$ -	\$ 1,000,000	\$ 1,000,000	\$ -
		Tubman-Chavez Community Center	-	\$ -	\$ 50,000	\$ 50,000	\$ -
	Public Works - General Services Total		-	\$ -	\$ 1,050,000	\$ 1,050,000	\$ -
	Purchasing & Contracting	Contracting Support	1.00	\$ 192,015	\$ -	\$ 192,015	\$ -
		Equal Opportunity Contracting Support	1.00	\$ 118,179	\$ -	\$ 118,179	\$ -
	Purchasing & Contracting Total		2.00	\$ 310,194	\$ -	\$ 310,194	\$ -
		Revised Gas Tax Revenue	-	\$ -	\$ -	\$ -	\$ (613,125)
		SAFE Program Reserve Funds	-	\$ -	\$ 2,383,459	\$ 2,383,459	\$ -
		Traffic Signal Communications Infrastructure Master Plan	-	\$ -	\$ 200,000	\$ 200,000	\$ -
	Transportation & Storm Water	Tree Trimming	-	\$ -	\$ 100,000	\$ 100,000	\$ -
		Transfer to CIP	-	\$ -	\$ 100,000	\$ 100,000	\$ -
		Revised TransNet Revenue	-	\$ -	\$ -	\$ -	\$ 231,722
		Catch Basin Inspection and Cleaning	13.00	\$ 927,109	\$ (415,900)	\$ 511,209	\$ -
	Transportation & Storm Water Total		13.00	\$ 927,109	\$ 2,367,559	\$ 3,294,668	\$ (381,403)
	General Fund Total		28.06	\$ 2,650,030	\$ 10,984,354	\$ 13,634,384	\$ 3,666,067

Attachment C

NON-GENERAL FUNDS		FUND TITLE	BUDGET ADJUSTMENT	FTE	PE	NPE	EXP	REVENUE
		Barrio Logan Community Benefit MAD Fund	Formation of New MAD	-	\$ -	\$ 636,431	\$ 636,431	\$ 336,431
		Barrio Logan Community Benefit MAD Fund Total		-	\$ -	\$ 636,431	\$ 636,431	\$ 336,431
		Bay Terraces - Honey Drive MAD Fund	Correction of Non-Personnel Expenditures	-	\$ -	\$ 218	\$ 218	\$ -
		Bay Terraces - Honey Drive MAD Fund Total		-	\$ -	\$ 218	\$ 218	\$ -
		El Cajon Boulevard MAD Fund	Correction of Non-Personnel Expenditures	-	\$ -	\$ (66,240)	\$ (66,240)	\$ -
		El Cajon Boulevard MAD Fund Total		-	\$ -	\$ (66,240)	\$ (66,240)	\$ -
		Fire/Emergency Medical Services Transport Program Fund	Paramedic Pay	-	\$ 178,403	\$ -	\$ 178,403	\$ -
		Fire/Emergency Medical Services Transport Program Fund Total	San Diego Project Heartbeat	2.00	\$ 209,328	\$ -	\$ 209,328	\$ 20,000
		GIS Fund	Reduction in SanGIS Dues	2.00	\$ 387,731	\$ -	\$ (193,046)	\$ 20,000
		GIS Fund Total	Server Migration	-	\$ -	\$ (193,046)	\$ (193,046)	\$ -
		Hillcrest MAD Fund	Projected Non-Personnel Expenditures	-	\$ -	\$ (94,046)	\$ (94,046)	\$ -
		Hillcrest MAD Fund Total		-	\$ -	\$ (94,046)	\$ (94,046)	\$ -
		Information Technology Fund	Information Technology Systems Support	-	\$ -	\$ (2,600)	\$ (2,600)	\$ -
		Information Technology Fund Total		-	\$ -	\$ (2,600)	\$ (2,600)	\$ -
		Maintenance Assessment District (MAD) Management Fund	PC Replacements	-	\$ -	\$ 357,301	\$ 357,301	\$ -
		Maintenance Assessment District (MAD) Management Fund Total	Balancing Adjustment	-	\$ -	\$ 357,301	\$ 357,301	\$ -
		Maintenance Assessment District (MAD) Management Fund Total		-	\$ -	\$ (272,597)	\$ (272,597)	\$ -
		Metropolitan Sewer Utility Fund	Building Services Technician	0.34	\$ 24,556	\$ -	\$ 24,556	\$ -
		Metropolitan Sewer Utility Fund Total	Facilities Condition Assessment	-	\$ -	\$ 198,000	\$ 198,000	\$ -
			Rent Savings	-	\$ -	\$ (69,420)	\$ (69,420)	\$ -
			State Revolving Fund (SRF)	-	\$ -	\$ (836,387)	\$ (836,387)	\$ -
			Pipeline and Systems Condition Assessments	-	\$ -	\$ 3,009,797	\$ 3,009,797	\$ -
			SDG&E Settlement	-	\$ -	\$ -	\$ -	\$ 18,844
		Metropolitan Sewer Utility Fund Total		0.34	\$ 24,556	\$ 2,301,990	\$ 2,326,546	\$ 18,844
			Building Services Technician	0.33	\$ 23,832	\$ -	\$ 23,832	\$ -
			Call Center Support	6.25	\$ 497,791	\$ -	\$ 497,791	\$ -
			Facilities Condition Assessment	-	\$ -	\$ 108,000	\$ 108,000	\$ -
			Rent Savings	-	\$ -	\$ (379,035)	\$ (379,035)	\$ -
			State Revolving Fund (SRF)	-	\$ -	\$ (695,487)	\$ (695,487)	\$ -
			Transfer of Internal Controls Accountant	-	\$ -	\$ 71,000	\$ 71,000	\$ -
			Pipeline and Systems Condition Assessments	-	\$ -	\$ 718,485	\$ 718,485	\$ -
			Accountant 3 Transfer	(0.50)	\$ (53,419)	\$ -	\$ (53,419)	\$ -
		Municipal Sewer Revenue Fund Total		6.08	\$ 468,204	\$ (177,037)	\$ 291,167	\$ -
		Non-General Funds Departments	Risk Management Adjustment	-	\$ (284,344)	\$ -	\$ (284,344)	\$ -
		Non-General Funds Departments Total	Workers Compensation Adjustment	-	\$ (311,903)	\$ -	\$ (311,903)	\$ -
		Prop 42 Replacement - Transportation Relief Fund	Prop. 42 Adjustment	-	\$ (596,247)	\$ -	\$ (596,247)	\$ -
		Prop 42 Replacement - Transportation Relief Fund Total		(1.00)	\$ (100,047)	\$ 2,230,226	\$ 2,230,226	\$ 4,230,226
		Refuse Disposal Fund	Landfill Managed Competition	-	\$ -	\$ -	\$ (100,047)	\$ -
		Refuse Disposal Fund Total	Ridgehaven Roof Replacement	-	\$ -	\$ 635,483	\$ 635,483	\$ -
		Risk Management Administration Fund	SDG&E Settlement	-	\$ -	\$ -	\$ -	\$ 5,554
		Risk Management Administration Fund Total	Non-General Fund Revenue Adjustment	(1.00)	\$ (100,047)	\$ 635,483	\$ 535,436	\$ 5,554
		Robinhood Ridge MAD Fund	Protected Non-Personnel Expenditures	-	\$ -	\$ 200	\$ 200	\$ (986,016)
		Robinhood Ridge MAD Fund Total		-	\$ -	\$ 200	\$ 200	\$ -
		Stonestrest Village MAD Fund	Dumpster for Replanting Projects	-	\$ -	\$ 1,400	\$ 1,400	\$ -
		Stonestrest Village MAD Fund Total		-	\$ -	\$ 1,400	\$ 1,400	\$ -
		Torrey Highlands MAD Fund	Correction of Non-Personnel Expenditures	-	\$ -	\$ (89,214)	\$ (89,214)	\$ -
		Torrey Highlands MAD Fund Total		-	\$ -	\$ (89,214)	\$ (89,214)	\$ -

NON-GENERAL FUNDS

FUND TITLE	BUDGET ADJUSTMENT	FTE	PE	NPE	EXP	REVENUE
	Revised Revenue	-	\$ -	\$ -	\$ -	\$ (1,260,906)
Transient Occupancy Tax Fund	Arts, Culture, and Community Festivals	-	\$ -	\$ 40,000	\$ 40,000	\$ -
	Support for Safety and Maintenance of Visitor-Related Facilities	-	\$ -	\$ (1,169,237)	\$ (1,169,237)	\$ -
	Discretionary One-Cent	-	\$ -	\$ (292,181)	\$ (292,181)	\$ -
	Economic Development Programs	-	\$ -	\$ 160,512	\$ 160,512	\$ -
Transient Occupancy Tax Fund Total		-	\$ -	\$ (1,260,906)	\$ (1,260,906)	\$ (1,260,906)
TransNet Extension Administration & Debt Fund	Revised Revenue	-	\$ -	\$ 7,548	\$ 7,548	\$ 7,548
TransNet Extension Administration & Debt Fund Total		-	\$ -	\$ 7,548	\$ 7,548	\$ 7,548
TransNet Extension Congestion Relief Fund	Revised Revenue	-	\$ -	\$ -	\$ -	\$ 523,074
	Regional Arterial Management System	-	\$ -	\$ 67,600	\$ 67,600	\$ -
TransNet Extension Congestion Relief Fund Total		-	\$ -	\$ 67,600	\$ 67,600	\$ 523,074
TransNet Extension Maintenance Fund	Revised Revenue	-	\$ -	\$ 224,174	\$ 224,174	\$ 156,575
TransNet Extension Maintenance Fund Total		-	\$ -	\$ 224,174	\$ 224,174	\$ 156,575
	Building Services Technician	0.33	\$ 23,832	\$ -	\$ 23,832	\$ -
	Call Center Support	6.25	\$ 497,791	\$ -	\$ 497,791	\$ -
	Facilities Condition Assessment	-	\$ -	\$ 294,000	\$ 294,000	\$ -
	Reclaimed Water Incentive Credits	-	\$ -	\$ -	\$ -	\$ 2,300,000
	Rent Savings	-	\$ -	\$ (868,232)	\$ (868,232)	\$ -
Water Utility Operating Fund	Accountant 3 Transfer	(0.50)	\$ (63,368)	\$ 71,000	\$ 7,632	\$ -
	Pipeline and Systems Condition Assessments	-	\$ -	\$ 4,508,282	\$ 4,508,282	\$ -
	Water Sales Revenue	-	\$ -	\$ -	\$ -	\$ (15,000,000)
	Position Correction	1.00	\$ 99,884	\$ -	\$ 99,884	\$ -
	SDG&E Settlement	-	\$ -	\$ -	\$ -	\$ 3,377,269
Water Utility Operating Fund Total		7.08	\$ 568,139	\$ 4,005,050	\$ 4,573,189	\$ (9,322,731)
Non-General Fund Total		14.50	\$ 752,336	\$ 8,515,131	\$ 9,267,467	\$ (6,271,401)
City Total		42.56	\$ 3,402,366	\$ 19,499,485	\$ 22,901,851	\$ (2,605,334)

Attachment C

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 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.

Attachment C

FY 2014 Transient Occupancy Tax Fund Allocations

ORGANIZATION/PROGRAM	FY 2014 Allocation
Arts, Culture, and Community Festivals - Organizational Support	
AJA Project, The	\$ 22,881
Art of Elan	\$ 8,934
Balboa Park Cultural Partnership	\$ 18,060
Balboa Park Online Collaborative	\$ 52,591
California Ballet Association, Inc.	\$ 69,190
Camarada, Inc.	\$ 9,949
Center for World Music	\$ 25,127
City Ballet, Inc.	\$ 55,194
Classics for Kids	\$ 23,569
Cygnnet Theatre Company	\$ 103,356
Diversionsary Theatre Productions	\$ 37,217
Eveoke Dance Theatre	\$ 22,823
Finest City Performing Arts, Inc. dba: San Diego Gay Men's Chorus	\$ 22,561
Flying Leatherneck Historical Fdn	\$ 9,924
Gaslamp Quarter Historical	\$ 19,794
Japanese Friendship Garden	\$ 61,775
La Jolla Chapter, SPEBSQSA, Inc.	\$ 2,478
La Jolla Historical Society	\$ 38,951
La Jolla Music Society	\$ 196,249
La Jolla Symphony & Chorus	\$ 34,927
Library Association of La Jolla, The dba Athenaeum Music & Arts Library	\$ 83,994
Mainly Mozart, Inc.	\$ 87,998
Malashock Dance & Company	\$ 41,829
Maritime Museum	\$ 227,652
Media Arts Center San Diego	\$ 54,394
Mingei International, Inc.	\$ 183,858
Mojalet Dance Collective	\$ 6,392
Mo'olelo Performing Arts Company	\$ 25,913
Moxie Theatre	\$ 10,067
Museum of Contemporary Art	\$ 343,054
Museum of Photographic Arts, The	\$ 93,080
New Children's Museum, The	\$ 149,056
Old Globe Theatre	\$ 421,074
Outside the Lens	\$ 6,358
Pacific Arts Movement	\$ 55,097
Persian Cultural Center	\$ 24,025
PGK Project	\$ 6,256
Playwrights Project	\$ 32,035
Prophet World Beat Productions	\$ 28,510

	FY 2014 Allocation
Arts, Culture, and Community Festivals - Organizational Support (continued)	
Putnam Foundation, The dba Timken Museum of Art	\$ 110,263
Reuben H. Fleet Science Center	\$ 265,204
Samahan Filipino American Performing Arts and Education Center Inc.	\$ 2,218
San Diego Air & Space Museum	\$ 222,847
San Diego Archaeological Center	\$ 26,428
San Diego Art Institute, The	\$ 44,004
San Diego Automotive Museum	\$ 48,041
San Diego Ballet	\$ 28,893
San Diego Center for Jewish Culture	\$ 104,573
San Diego Children's Choir	\$ 27,736
San Diego Chinese Historical Society and Museum	\$ 17,087
San Diego Civic Youth Ballet, Inc.	\$ 28,937
San Diego Dance Theater	\$ 39,176
San Diego Early Music Society	\$ 9,039
San Diego Guild of Puppetry, Inc.	\$ 6,984
San Diego Historical Society dba San Diego History Center	\$ 77,730
San Diego Junior Theatre	\$ 82,446
San Diego Master Chorale, Inc.	\$ 14,186
San Diego Model Railroad Museum, Inc.	\$ 45,838
San Diego Museum Council, Inc.	\$ 10,843
San Diego Museum of Art	\$ 366,050
San Diego Museum of Man	\$ 111,241
San Diego Opera Association	\$ 389,357
San Diego Repertory Theatre, Inc.	\$ 148,645
San Diego Society of Natural History	\$ 367,489
San Diego Symphony Orchestra Association, The	\$ 411,870
San Diego Watercolor Society	\$ 24,526
San Diego Women's Chorus	\$ 3,826
San Diego Writers Ink	\$ 8,442
San Diego Young Artists Music Academy	\$ 10,265
San Diego Young Artists Symphony	\$ 12,536
San Diego Youth Symphony and Conservatory	\$ 85,313
Save Our Heritage Organisation	\$ 53,721
Scripps Ranch Theatre	\$ 13,595
Spreckels Organ Society	\$ 16,123
Theater and Arts Foundation of San Diego County dba La Jolla Playhouse	\$ 376,738
Unlimited Jazz Dance Productions dba Patricia Rincon Dance Collective	\$ 11,170
Villa Musica	\$ 28,764
Westwind Brass, Inc.	\$ 7,095
Women's History Reclamation Project, Inc. dba Women's History Museum and Educational Center	\$ 12,156

Attachment C

FY 2014 Allocation

Arts, Culture, and Community Festivals - Organizational Support *(continued)*

Young Audiences of San Diego \$ 50,770

Arts, Culture, and Community Festivals - Organizational Support Total \$ 6,438,356

Arts, Culture, and Community Festivals - Creative Communities San Diego

America's Finest City Dixieland Jazz Society	\$ 37,563
Asian Story Theater Incorporated	\$ 5,619
Bon Temps Social Club of San Diego, The	\$ 45,902
Cabrillo Festival, Inc.	\$4,517
Capoeira Institute	\$ 14,610
Casa Familiar	\$ 7,062
Central Commercial District Revitalization Corporation / Fiscal Agent for San Diego Afterschool Strings Program	\$ 5,337
College Area Economic Development Corporation	\$ 12,677
Cooper Family Foundation, The	\$ 3,080
Council of Philippine American Organizations of San Diego County	\$ 3,629
Gaslamp Quarter Association	\$ 11,404
Hillcrest Business Improvement Association Incorporated	\$ 15,279
Indian Fine Arts Academy of San Diego	\$ 14,203
Italian American Art and Culture Association of San Diego	\$ 16,594
Jacobs Center for Neighborhood Innovation	\$ 22,538
Justice Overcoming Boundaries (JOB) in San Diego County	\$ 9,107
Kalusugan Community Services	\$ 16,528
Linda Vista Multi-Cultural Fair, Inc.	\$ 6,468
Little Italy Association	\$ 29,130
Little Saigon Foundation	\$ 8,739
Media Heritage, Inc. dba Filmout San Diego	\$ 11,324
Musicians for Education	\$ 6,153
NTC Foundation	\$ 6,226
Ocean Beach Merchants Association	\$ 23,216
Pacific Beach Community Development Corporation dba Discover Pacific Beach	\$ 12,396
Pacific Southwest Wildlife Arts, Inc.	\$ 9,719
PASACAT	\$ 4,237
Point Loma Summer Concerts	\$ 14,631
Rancho de los Penasquitos Town Council, Inc.	\$ 5,332
Rolando Community Council, Inc.	\$ 6,202
San Diego Armed Services YMCA	\$ 45,902
San Diego Audubon Society	\$ 18,842
San Diego Chinese Center	\$ 5,883
San Diego Earth Day	\$ 24,116
San Diego Film Foundation	\$ 42,972
San Diego Music Foundation	\$ 19,345
San Diego Shakespeare Society, Inc.	\$ 5,249
Space 4 Art	\$ 4,943

	FY 2014 Allocation
Arts, Culture, and Community Festivals - Creative Communities San Diego (continued)	
Springfest Inc.	\$ 12,133
St. Madeleine Sophie's Center	\$ 13,541
Torrey Pines Kiwanis Club	\$ 45,902
Transcendance Youth Arts Project	\$ 7,062
Write Out Loud	\$ 2,480
Arts, Culture, and Community Festivals - Creative Communities San Diego Total	\$ 637,792

Economic Development - Citywide Economic Development

CleanTECH San Diego	\$ 30,000
CommNexus San Diego	\$ 30,000
Horton Plaza Theatre Foundation	\$ 440,000
Mission Trails Regional Park Foundation, Inc.	\$ 45,000
San Diego Regional Economic Development Corporation	\$ 25,000
Economic Development - City Economic Development Total	\$ 570,000

Economic Development - Economic Development and Tourism Support

Adams Avenue Business Association	\$ 38,968
Asian Business Association San Diego	\$ 30,577
BIOCOM Institute	\$ 50,000
City Heights Community Development Corp.	\$ 54,000
Greater Golden Hill Community Development Association	\$ 38,968
Greater San Diego Business Association	\$ 54,000
Hostelling International	\$ 38,968
Japan Society of San Diego and Tijuana	\$ 38,968
La Jolla Village Merchants Association, Inc.	\$ 22,171
North Park Organization of Businesses, Inc.	\$ 38,868
Old Town San Diego Chamber of Commerce	\$ 25,906
Otay Mesa Chamber of Commerce	\$ 27,000
San Diego Diplomacy Council	\$ 38,968
San Diego East Visitors Bureau	\$ 28,288
South County Economic Development Council	\$ 38,968
South Park Business Group, Inc.	\$ 10,250
Traveler's Aid Society of San Diego, Inc.	\$ 54,000
Veterans Memorial Center, Inc.	\$ 71,644
Economic Development - Economic Development and Tourism Support Total	\$ 700,512

Attachment C

FY 2014 CIP May Revision Adjustments

Airports

Brown Field - AAA00002

Fund		Proposed	Change	Revised
700028	Brown Field Special Aviation	\$0	\$1,400,000	\$1,400,000

An additional \$1.4 million in Airports funding has been allocated to this project for Fiscal Year 2014 for as-needed improvements to the City's Brown Field Airport.

Montgomery Field - AAA00001

Fund		Proposed	Change	Revised
700030	Montgomery Field Special Aviation	\$0	\$1,000,000	\$1,000,000

An additional \$1.0 million in Airports funding has been allocated to this project for Fiscal Year 2014 for as-needed improvements to the City's Montgomery Field Airport.

Environmental Services

Citywide Energy Improvements - ABT00003

Fund		Proposed	Change	Revised
200225	Energy Conservation Program CIP Fund	\$0	\$200,000	\$200,000

An additional \$200,000 has been allocated to this project for Fiscal Year 2014 to support energy efficiency projects.

Park & Recreation

Central Avenue Mini Park Phase II Skate Plaza - S14010

Fund		Proposed	Change	Revised
600001	Grant Fund-State	\$0	\$846,950	\$846,950

This is a new project for Fiscal Year 2014. \$846,950 in grant funding (Grant # 1000360-2011) has been allocated to this project for Fiscal Year 2014 to fund the design and construction of a skate plaza at Central Avenue Mini Park.

Chollas Lake Park Playground Improvements - S14002

Fund		Proposed	Change	Revised
200391	Regional Park Improvements Fund	\$0	\$989,000	\$989,000

This is a new project for Fiscal Year 2014. \$989,000 in Regional Park Improvements funding has been allocated to this project for Fiscal Year 2014 to fund the design and construction of two playgrounds at Chollas Lake Park. Funding was approved by the Regional Park Oversight Committee.

Coastal Erosion and Access - AGF00006

Fund		Proposed	Change	Revised
200391	Regional Park Improvements Fund	\$0	\$310,000	\$310,000

An additional \$310,000 in Regional Park Improvements funding has been allocated to this project for Fiscal Year 2014 to fund the re-construction of three additional beach access locations along the shoreline. Funding was approved by the Regional Park Oversight Committee.

FY 2014 CIP May Revision Adjustments

Cowles Mountain Access Road Rehabilitation - S14001

Fund		Proposed	Change	Revised
200110	EGF CIP Fund 1/3	\$0	\$25,000	\$25,000

This is a new project for Fiscal Year 2014. \$25,000 in Economic Growth funding has been allocated to fund the 1.6 miles of service/access road on the east side of Cowles Mountain within Mission Trails Regional Park.

Del Mar Terrace Street Improvements - L14003

Fund		Proposed	Change	Revised
200059	Del Mar Terrace MAD Fund	\$0	\$65,000	\$65,000

This is a newly established project for Fiscal Year 2014. Del Mar Terrace MAD funding in the amount of \$65,000 has been re-allocated from S-10038 - Del Mar Terrace Street Improvements to this project in order to establish a phase funded project.

Del Mar Terrace Street Improvements - S10038

Fund		Proposed	Change	Revised
200059	Del Mar Terrace MAD Fund	\$65,000	(\$65,000)	\$0

This project reflects a decrease of \$65,000 in Del Mar Terrace MAD funding and will be re-allocated to project L14003 - Del Mar Terrace Street Improvements for the purpose of establishing a phase funded project. This project will be closed by the end of the fiscal year.

El Cuervo Adobe Improvements - S14006

Fund		Proposed	Change	Revised
200110	EGF CIP Fund 1/3	\$0	\$250,000	\$250,000

This is a new project for Fiscal Year 2014. \$250,000 in Environmental Growth funding has been allocated to this project for Fiscal Year 2014 to provide for long-term protection of the physical remains of the historic El Cuervo Adobe.

Montgomery Academy Joint Use Improvements - S00973

Fund		Proposed	Change	Revised
200636	Monetary Conditions Placed on Future Deposits	\$0	\$396,000	\$396,000

An additional \$396,000 in developer contributions has been allocated to this project for Fiscal Year 2014 to fund three acres of joint-use play fields at the Montgomery Academy and associated Americans with Disabilities Act (ADA) improvements.

Ocean Beach Veterans Memorial - TBD

Fund		Proposed	Change	Revised
400264	Private & Others Contrib-CIP	\$0	\$76,000	\$76,000

An additional \$76,000 in donations has been allocated to this project for Fiscal Year 2014 to demolish the old veterans plaza at the foot of Newport Avenue and install sidewalk pavers; and relocate a new veterans memorial wall on the northern section of the Abbott Street park including a new sidewalk with pavers, landscaping, a memorial wall with a relocated plaque, lighting, and enhanced coastal access.

Attachment C

FY 2014 CIP May Revision Adjustments

Palisades Park Comfort Station Replacement - S10026

Fund		Proposed	Change	Revised
200391	Regional Park Improvements Fund	\$0	\$400,000	\$400,000

An additional \$400,000 in Regional Park Improvements funding has been allocated to this project for Fiscal Year 2014 to fully fund construction of the comfort station. Funding was approved by the Regional Park Oversight Committee.

Regional Park Improvements - AGF00005

Fund		Proposed	Change	Revised
200391	Regional Park Improvements Fund	\$2,500,000	(\$2,500,000)	\$0

Funding was temporarily budgeted in the Regional Park Improvements annual allocation until the Regional Park Oversight Committee approved the use of funds. \$2.5 million has been reallocated to other various projects per approval of the Regional Park Oversight Committee.

Resource-Based Open Space Parks - AGE00001

Fund		Proposed	Change	Revised
200391	Regional Park Improvements Fund	\$0	\$800,000	\$800,000

An additional \$800,000 in Regional Park Improvements funding has been allocated to this project for Fiscal Year 2014 to fund the development of public facilities within the City's resource-based open space parks. Funding was approved by the Regional Park Oversight Committee.

Sunset Cliffs Natural Pk Hillside Imp Preservation - S10091

Fund		Proposed	Change	Revised
200391	Regional Park Improvements Fund	\$0	\$270,000	\$270,000

An additional \$270,000 in Regional Park Improvements funding has been allocated to this project for Fiscal Year 2014 to fund design and Phase I construction. Funding was approved by the Regional Park Oversight Committee.

Trail for All People - S13001

Fund		Proposed	Change	Revised
200391	Regional Park Improvements Fund	\$0	\$231,000	\$231,000

An additional \$231,000 in Regional Park Improvements funding has been allocated to this project for Fiscal Year 2014 to fund design and construction of a trail to accommodate people of all physical abilities. Funding was approved by the Regional Park Oversight Committee.

Public Utilities

Catalina 12inch Cast Iron Mains - S12008

Fund		Proposed	Change	Revised
700010	Water Utility - CIP Funding Source	\$2,539,862	(\$1,939,862)	\$600,000

This change reflects the removal of \$1.9 million to align the project's budget with Fiscal Year 2014 needs.

FY 2014 CIP May Revision Adjustments

La Jolla Scenic Drive 16inch Main - S12009

Fund		Proposed	Change	Revised
700010	Water Utility - CIP Funding Source	\$1,724,089	(\$1,000,000)	\$724,089

This change reflects the removal of \$1.0 million to align the project's budget with Fiscal Year 2014 needs.

Large Diameter Water Transmission PPL - AKA00003

Fund		Proposed	Change	Revised
700010	Water Utility - CIP Funding Source	\$0	\$780,113	\$780,113

This is a new annual allocation for Fiscal Year 2014. An additional \$780,113 in water funding has been allocated to this project for Fiscal Year 2014 to fund large diameter transmission lines.

MBC Biosolids Storage Silos - S00322

Fund		Proposed	Change	Revised
700009	Metro Sewer Utility - CIP Funding Source	\$0	\$339,845	\$339,845

An additional \$339,845 in sewer funding has been allocated to this project for Fiscal Year 2014 to cover bids coming in higher than anticipated.

MBC Dewatering Centrifuges Replacement - S00339

Fund		Proposed	Change	Revised
700009	Metro Sewer Utility - CIP Funding Source	\$3,454,160	\$1,137,657	\$4,591,817

An additional \$1.1 million in sewer funding has been allocated to this project for Fiscal Year 2014 to accommodate the production of centrifuge units and accelerate the installation of these units by one fiscal year.

Metro Treatment Plants - ABO00001

Fund		Proposed	Change	Revised
700009	Metro Sewer Utility - CIP Funding Source	\$1,500,000	\$200,000	\$1,700,000

An additional \$200,000 in sewer funding has been allocated to this project for Fiscal Year 2014 to fund ongoing construction contracts and design changes.

NCWRP Sludge Pump Station Upgrade - S00309

Fund		Proposed	Change	Revised
700009	Metro Sewer Utility - CIP Funding Source	\$0	\$150,000	\$150,000

An additional \$150,000 in sewer funding has been allocated to this project for Fiscal Year 2014 to fund design changes and construction of two new air release valves and trenching for the air release valves as well as a surge analysis on the pump by the designer.

Pump Station Restorations - ABP00001

Fund		Proposed	Change	Revised
700008	Muni Sewer Utility - CIP Funding Source	\$750,000	\$500,000	\$1,250,000

An additional \$500,000 in sewer funding has been allocated to this project for Fiscal Year 2014 to fund ongoing construction contracts and design changes.

Attachment C

FY 2014 CIP May Revision Adjustments

Water Pump Station Restoration - ABJ00001

Fund		Proposed	Change	Revised
700010	Water Utility - CIP Funding Source	\$1,079,912	(\$1,079,912)	\$0

This change reflects the removal of \$1.1 million to align the project's budget with Fiscal Year 2014 needs.

Transportation & Storm Water

Bus Stop Improvements - AID00007

Fund		Proposed	Change	Revised
400691	Bus Stop Capital Improvement Fund	\$0	\$100,000	\$100,000

An additional \$100,000 in Bus Stop Capital Improvement funding has been allocated to this project for Fiscal Year 2014 to fund the installation of concrete pads in the roadways at bus stops citywide.

Concrete Streets - AID00006

Fund		Proposed	Change	Revised
200306	Prop 42 Replacement - Transportation Relief Fund	\$0	\$1,500,000	\$1,500,000

An additional \$1.5 million in Proposition 42 Replacement funding has been allocated to this project for Fiscal Year 2014 to fund concrete street projects.

Install T/S Interconnect Systems - AIL00002

Fund		Proposed	Change	Revised
400265	CIP Contributions from General Fund	\$0	\$2,383,459	\$2,383,459

An additional \$2.4 million in CIP Contributions from the General Fund has been allocated to this project for Fiscal Year 2014 to fund the upgrade of the City's Traffic Control System and changeable message signs.

Installation of City Owned Street Lights - AIH00001

Fund		Proposed	Change	Revised
400265	CIP Contributions from General Fund	\$0	\$100,000	\$100,000

An additional \$100,000 in CIP Contributions from the General Fund has been allocated to this project for Fiscal Year 2014 to fund street lights within City Heights, Southcrest, Mt. Hope, and Mountain View areas.

New Walkways - AIK00001

Fund		Proposed	Change	Revised
400169	TransNet Extension Congestion Relief Fund	\$1,509,484	\$455,475	\$1,964,959

An additional \$455,475 in TransNet funding has been allocated to this project for Fiscal Year 2014 to fund new walkway projects.

FY 2014 CIP May Revision Adjustments

Resurfacing of City Streets - AID00005

Fund		Proposed	Change	Revised
200203	Trench Cut Fees/Excavation Fee Fund	\$0	\$2,000,000	\$2,000,000

An additional \$2.0 million in Street Damage Fee funding has been allocated to this project for Fiscal Year 2014 to fund roadway resurfacing, repair, and reconstruction of City streets.

Sidewalk Repair and Reconstruction - AIK00003

Fund		Proposed	Change	Revised
200306	Prop 42 Replacement - Transportation Relief Fund	\$0	\$500,000	\$500,000

An additional \$500,000 in Proposition 42 Replacement funding has been allocated to this project for Fiscal Year 2014 to fund sidewalk repair and reconstruction projects.

SR-94/Euclid Ave Interchange Improvements - S11046

Fund		Proposed	Change	Revised
400174	TransNet Extension RTCI Fee	\$400,000	(\$400,000)	\$0

This project reflects a decrease of \$400,000 in TransNet Regional Transportation Congestion Improvement Program (RTCIP) Fee funding and will be re-allocated to project S-14009 - SR94/Euclid Ave Interchange Improvements-Phase 2.

SR94/Euclid Av Interchange-Phase 2 - S14009

Fund		Proposed	Change	Revised
400174	TransNet Extension RTCI Fee	\$0	\$400,000	\$400,000

This is a new project for Fiscal Year 2014. TransNet Regional Transportation Congestion Improvement Program (RTCIP) Fee funding in the amount of \$400,000 has been re-allocated from S-11046 - SR-94/Euclid Ave Interchange Improvements to this project.

Total CIP	\$171,619,599	\$10,820,725	\$182,440,324
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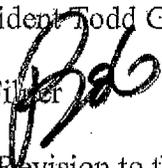


THE CITY OF SAN DIEGO

MEMORANDUM

DATE: June 5, 2013

TO: Honorable Council President Todd Gloria and Members of the City Council

FROM: Honorable Mayor Bob Filner 

SUBJECT: Supplement to the May Revision to the Fiscal Year 2014 Proposed Budget

From January 2013 through May 2013, the City engaged in contract negotiations with all six recognized labor organizations over wages, hours, and terms and conditions of employment. On May 28, 2013, tentative agreements were reached with the International Association of Fire Fighters Local 145 (IAFF Local 145), the San Diego Municipal Employees Association (MEA), the Deputy City Attorneys Association (DCAA), the San Diego Police Officers Association (POA), the American Federation of State, County, and Municipal Employees Local 127 (AFSCME Local 127) and the California Teamsters (Teamsters Local 911). These agreements are subject to ratification by each of the labor organizations' members and approval by the City Council.

Each of the tentative agreements on a successor Memorandum of Understanding (MOU) is for a five-year term to include non-pensionable compensation increases consistent with the passage of Proposition B, which amended the City Charter on July 20, 2012. All tentative agreements provide an option to reopen the MOUs solely to meet and confer regarding increases to non-pensionable compensation for Fiscal Years 2017 and 2018.

The significant terms of the tentative agreements that result in a budgetary impact to Fiscal Year 2014 are detailed in *Attachment I*. These adjustments reflect further amendments to the Fiscal Year 2014 Proposed Budget, and are intended to supplement the May Revision dated May 21, 2013. The adjustments are as follows:

- A projected non-pensionable compensation increase of \$13.0 million (\$9.8 million in the General Fund);
- A General Fund decrease of \$160,000 in the Citywide Program Expenditures Department for outside attorneys who assist with labor negotiations. The Fiscal Year 2014 General Fund Proposed Budget includes \$380,000 for labor-related contracts. Of this amount, \$220,000 is needed to fully implement Proposition B

and to pay outstanding invoices related to the Fiscal Year 2014 contract negotiations; and

- The use of approximately \$9.8 million in General Fund reserves/fund balance to fund the non-pensionable compensation increases in Fiscal Year 2014. For non-General Fund funds, the non-pensionable pay increase will be funded by using approximately \$3.2 million in fund balance and/or reserves from each of the respective funds.

On June 28, 2013, the San Diego City Employees' Retirement System (SDCERS) Board will consider a revised actuarial valuation that reflects the impacts of the five-year labor agreement on the City's Pension Annual Required Contribution (ARC). Based on preliminary information provided in April 2013 by SDCERS' Actuary, Cheiron, the estimated reduction to the City's Pension ARC is \$25.2 million (\$19.5 million in the General Fund based on the Fiscal Year 2014 Proposed Budget allocation). A formal actuarial valuation is currently being performed by Cheiron and actual savings may differ from the original estimate.

The Fiscal Year 2014 Proposed Budget includes a Pension ARC payment of \$275.4 million. If the SDCERS Board approves a new valuation reflecting the terms of the five-year agreement on June 28, 2013, the City's payment to SDCERS on July 1, 2013 will be reduced to reflect the revised ARC amount. This would result in a projected General Fund surplus for Fiscal Year 2014 at year-end and this surplus would remain in reserves/fund balance to address the projected General Fund deficit in Fiscal Year 2015. Financial Management will distribute a memorandum with the estimated savings once they have been calculated. However, if the SDCERS Board does not approve the adjustment to the Pension ARC, reserves/fund balance will be used to fund the non-pensionable compensation increases in Fiscal Year 2014 as described above. *Attachment II* reflects the possible impacts to the General Fund reserves/fund balance if the projected ARC savings are not realized.

Attachments:

- I. FY 2014 Labor Adjustments
- II. FY 2014 General Fund Reserve Estimates

cc: Vince Hall, Chief of Staff
Scott Chadwick, Interim Chief Operating Officer
Nelson Hernandez, Assistant Chief Operating Officer
Greg Bych, Interim Chief Financial Officer
Andrea Tevlin, Independent Budget Analyst
Francisco Estrada, Director of Council Affairs
Jeff Sturak, Financial Management Director
Department Directors
Julio Canizal, Deputy Director Financial Management

Attachment D

Labor Group	Salaries (Full, ¾, ½)	Salaries (Hourly)	Mandatory Furlough	Flexible Benefit Adjustments	Retirement Offset	Discretionary Leave
REPRESENTED EMPLOYEES (Subject to labor organization ratification and approval by the City Council)						
AFSCME Local 127- All	N/A <i>(No net increase or decreases to salary schedule scale)</i>	N/A	N/A	FY13 Flexible Benefit Tiers Waiver: \$4,575 Medical Coverage: \$5,575 FY14 Flexible Benefit New Tiers Waiver: \$5,000 Employee Only: \$6,000 Employee + Dependent: \$7,210 Employee + Children: \$6,550 Employee + Family: \$8,250	N/A	16 Hours
Deputy City Attorneys Association	N/A <i>(No net increase or decreases to salary schedule scale)</i>	N/A	Eliminate 32 Hours	Increase \$228 per FTE	N/A	16 Hours
Deputy City Attorneys Association (DROP Employees)	Maintain 3.2% reduction <i>(No net increase or decreases to salary schedule scale)</i>	N/A				
CA Teamsters Local 911 Lifeguards (all hired prior to 7/1/2009)	N/A <i>(No net increase or decreases to salary schedule scale)</i>	3.0% hourly reduction adjusted to a 0.75% reduction	Eliminate 52 Hours	Increase \$1,613 per FTE	Eliminate 2.3%	16 Hours
CA Teamsters Local 911 Lifeguards (all hired on or after 7/1/2009)					N/A	

Labor Group	Salaries (Full, ¾, ½)	Salaries (Hourly)	Mandatory Furlough	Flexible Benefit Adjustments	Retirement Offset	Discretionary Leave
IAFF Local 145- All Fire Fighters	N/A <i>(No net increase or decreases to salary schedule scale)</i>	N/A	N/A	<u>FY13 Flexible Benefit Tiers</u> Waiver: \$1,750 Employee Only: \$4,750 Employee + Dependent: \$7,800 Employee + Children: \$7,225 Employee + Family: \$9,400 <u>FY14 Flexible Benefit New Tiers</u> Waiver: \$1,750 (no change) Employee Only: \$6,611 Employee + Dependent: \$9,967 Employee + Children: \$8,484 Employee + Family: \$12,530	N/A	16 Hours
Municipal Employees Association (all hired prior to 7/1/2009)	N/A <i>(No net increase or decreases to salary schedule scale)</i>	3% hourly reduction adjusted to a 1.25% reduction	52 hours reduced to 26 hours for all, except those in specific job classes	Increase \$770 per FTE	Eliminate 0.4%	16 Hours
Municipal Employees Association (all hired on or after 7/1/2009)	Maintain 3.0% reduction <i>(No net increase or decreases to salary schedule scale)</i>				N/A	
Police Officers Association	N/A <i>(No net increase or decreases to salary schedule scale)</i>	N/A	N/A	Increase \$1,934 per FTE and \$3,203 per FTE (Holiday OT Offset) Total Increase per FTE: \$5,137	N/A	None
Police Officers Association (DROP Employees)	Maintain 3.2% reduction <i>(No net increase or decreases to salary schedule scale)</i>					

Attachment D

Labor Group	Salaries (Full, ¾, ½)	Salaries (Hourly)	Mandatory Furlough	Flexible Benefit Adjustments	Retirement Offset	Discretionary Leave
UNREPRESENTED EMPLOYEES: No net increases or decreases to salary schedule scale.						
Classified/Unrepresented Unclassified/Unrepresented (includes DROP employees) Non-Safety Employees	Reduction adjusted to 1.25%	3.0% hourly reduction adjusted to a 1.25% reduction	N/A	N/A	N/A	16 Hours
Classified/Unrepresented Unclassified/Unrepresented (includes DROP employees) Safety Employees: Lifeguard Lifeguard Chief Marine Safety Captain	Reduction adjusted to 1.25%	N/A	N/A	N/A	N/A	16 Hours
Classified/Unrepresented Unclassified/Unrepresented (includes DROP employees) Safety Employees: Police Police Chief Executive Assistant Police Chief Assistant Police Chief	Reduction adjusted to 0.15%	N/A	N/A	N/A	N/A	16 Hours
Classified/Unrepresented Unclassified/Unrepresented (includes DROP employees) Safety Employees: Fire Fire Chief Assistant Fire Chief Deputy Fire Chief	Eliminate 1.7% reduction	N/A	N/A	N/A	N/A	16 Hours
Provisional Employees- All	N/A	3.0% hourly reduction adjusted to a 1.25% reduction	N/A	N/A	N/A	None

Note: Classified/Unrepresented and Unclassified/Unrepresented DROP enrolled employees will maintain the same reductions applicable to their labor grouping.

FY 2014 General Fund Reserve Estimates

in millions

Description	Amount	% of Revenue ⁴
FY 2012 Ending Balance		
Unassigned Balance	\$ 108.7	
Emergency Reserve	58.5	
Subtotal	\$ 167.2	14.1%
FY 2013 Budgeted Use of Fund Balance ¹	\$ (14.3)	
FY 2013 Budgeted Ending Fund Balance	\$ 153.0	13.0%
FY 2013 Projected Budgetary Surplus ²	\$ 17.0	
FY 2013 Projected Ending Fund Balance	\$ 170.0	14.5%
FY 2014 Re-Budget from FY 2013 Savings ³	\$ (13.9)	
FY 2014 General Fund Non-Pensionable Compensation Increases	\$ (9.8)	
FY 2014 Projected Ending Fund Balance	\$ 146.2	12.2%

¹ The FY 2013 Adopted Budget included the use of \$12.7 million of fund balance. Subsequent to the adoption of the budget, the City Council approved a payment of \$0.5 million to Civic San Diego which increased the total budgeted use of fund balance to \$13.2 million. An additional \$1.1 million was the result of the use of surplus presented in the FY 2013 Mid-Year Budget Monitoring Report and approved by City Council in R-308030. As a result of these actions, the current budget includes the use of \$14.3 million of fund balance.

² FY 2013 projected budgetary surplus as discussed in the FY 2013 Year-End Budget Monitoring Report.

³ The list of items to be re-budgeted in FY 2014 includes: \$1.4 million for Community Projects, Programs, and Services, \$0.5 million for Community Plan Updates, \$1.1 million for replacement of Police Equipment, \$0.5 million for a Lifeguard cliff rescue vehicle, \$0.3 million for the Balboa Park Traffic Management Plan, \$0.2 million for MTS student bus passes, \$4.1 million for SAFE expenditures, \$0.7 million for AB 109 Police overtime, \$0.7 million for Kinder Morgan litigation, and \$4.4 million for the use of the FY 2013 budgetary surplus.

⁴ The reserve percentage is calculated based on revenues in the corresponding fiscal year.

EXECUTIVE SUMMARY

OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

Date Issued: June 5, 2013

IBA Report Number: 13-23

City Council Docket Date: June 10, 2013

Item Number: 200

Review of the FY 2014 May Revise and Recommended Revisions to the Mayor's FY 2014 Budget

This report presents our final FY 2014 budget review and recommendations which are based on the following: our analyses of the FY 2014 May Revise, the FY 2013 Year-End Monitoring Report and the FY 2014 Proposed Budget; review and consideration of outstanding budget issues communicated by Councilmembers in their May 31st budget priority memos; and consideration of feedback from the public, City staff and City Council members during the budget hearings. Detailed information regarding recommendations presented below are included in the full report.

SUMMARY OF IBA RECOMMENDATIONS

The IBA recommends Council consideration of the following actions:

1. Approval of the Mayor's FY 2014 Proposed Budget as issued on April 15, 2013 and as amended by the Mayor's May Revise issued on May 21, 2013;
2. Approval of the IBA recommended FY 2014 budget revisions for ongoing and one-time expenditures and resources as depicted in the chart:

IBA RECOMMENDED REVISIONS FOR ONGOING AND ONE-TIME EXPENDITURES AND RESOURCES			
ONE-TIME		ONGOING	
A. Expenditure Additions		C. Expenditure Additions	
1. Funding for Police retention program	2,000,000	1. Increase hours at New Central Library from 49 to 52	200,000
2. Sidewalk condition and needs assessment	1,000,000	2. Increase service hours at all branch libraries from 44 to 48	2,900,000
		3. Increase number of recruits in each of the 4 Police academies from 34 to 36 and provide funding flexibility	712,000
		4. Restore funding for Mission Trails Regional Park & Improvements to the Visitor's Center	200,000*
<i>Total</i>	<i>\$3,000,000</i>	<i>Total</i>	<i>\$4,012,000</i>
B. Funding Source		D. Funding Sources	
1. Release \$3.0 million from \$6.9 million set aside for future CAD system costs	3,000,000	1. TEMPORARILY utilize portion of projected FY 2014 General Fund reserve/fund balance ** OR a combination of reserves and expenditure reductions identified in Attachment C	Up to \$4,012,000
<i>Total</i>	<i>\$3,000,000</i>	<i>Total</i>	<i>Up to \$4,012,000</i>

* \$60,000 is one-time funding for improvements to Visitor's Center

**An equal amount will be replaced with savings from reduced ARC payments from Five-Year Labor Agreements; if savings do not result related expenditures should be cancelled unless alternative funding sources are identified

3. Approval of the Policy/Program Recommendations discussed in this report and identified below:

RECOMMENDATION #1 – Sidewalk Condition Assessment

We recommend that the City assess and revise its policy on sidewalk repairs in consultation with the City Attorney's Office and one-time funding be identified for conducting the sidewalk condition assessment so it can be initiated as soon as possible.

RECOMMENDATION #2 – M&R Funding

We recommend that M&R funding needs, required to prevent further deterioration of assets, be reassessed to reflect new information, such as the new sustainability model for facilities, and be brought to the Infrastructure Committee in conjunction with updates to the Five-Year Deferred Capital Funding Plan. This will provide a more accurate, transparent view of M&R funding deficiencies and a more solid target for future funding. This is also important so that accurate M&R funding needs can be included in the Multi-Year Capital Improvements Plan which the City is beginning to develop.

RECOMMENDATION #3 – Future Bond Issuances

We recommend that discussion of the IBA’s “Catch-Up” Plan for the Five-Year Enhanced Option Plan B be brought to the Infrastructure Committee and City Council well in advance of the Mayor releasing his next Five-Year Outlook which is scheduled for November 2013. It is important for the Council to provide policy direction to the Mayor regarding future bond issuances prior to the development of the Five-Year Outlook in November 2013 to ensure that five-year annual debt service requirements will match Council policy.

RECOMMENDATION #4 – Increase Academy Size from 34 to 36 Recruits, Implement Officer Retention Program

In our final budget recommendations, we are recommending that ongoing funding be provided in order to increase academy size from the 34 recruits to 36 recruits. This funding will also provide a small amount of flexibility for the Academy budget in the event attrition is lower than assumed. Based on a majority of Council priority memos, we have also recommended one-time funding of \$2.0 million to develop and implement a new officer retention program.

RECOMMENDATION #5- Fire-Rescue Personnel Budget, Fire Rescue Revenue Decline May Require Mid-Year Adjustments

We recommend these two issues be discussed at the Public Safety and Neighborhood Services Committee in advance of the Mid-Year Report to determine whether a budget problem exists that will require Mid-Year funding and potentially require adjustments in FY 2015.

RECOMMENDATION #6 – Reporting Fiscal Impacts of Five-Year Labor Agreements

We recommend Council request the Mayor to bring to Council in early July, or as soon as available, the final impact on the FY 2014 budget as well as the Five-Year Outlook of five-year labor agreements, including an updated status of the FY 2014 General Fund Reserve.

RECOMMENDATION #7 – Council Review of “Budget” and “Reserve” Policies

We recommend that both the Budget Policy and the Reserves Policy be brought to the Budget and Finance Committee for review and discussion in early Fall.

RECOMMENDATION #8 – Council Involvement in Mayor’s Update of City’s Strategic Plan

We request that the Mayor’s Office continue to work with our office and the Budget and Finance Committee to ensure that the City’s Strategic Plan and performance measures represent the policies and funding priorities of the legislative branch and the community.

RECOMMENDATION #9 – Managed Competition Evaluation Status/New Efficiencies and Innovations Program

We recommend that the Mayor develop a replacement program for Managed Competition if it has intent to not move forward with Managed Competition. If this is the case, the Mayor should bring forward to Council a plan for carrying out a new efficiencies and innovations program that lays out his staffing plan; involvement of employee groups; proposals for use of consultant(s); the functions or activities that will be the focus of the initial program; and the estimated timetable for carrying this out.

Also, several months ago the Mayor initiated a comprehensive review of the Managed Competition Program, to be undertaken by the ACOO’s Office which was expected to be completed by July 2013. If the Mayor plans to revive the Managed Competition program, we recommend he bring forward to the Budget and Finance Committee the results of the Business Office evaluation as soon as they are available.



THE CITY OF SAN DIEGO

OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

Date Issued: June 5, 2013

IBA Report Number: 13-23

City Council Docket Date: June 10, 2013

Item Number: 200

Review of the FY 2014 May Revise and Recommended Revisions to the Mayor’s FY 2014 Budget

The IBA’s review of the Mayor’s Proposed FY 2014 Budget was issued on April 29, 2013 as IBA Report No. 13-19. Departmental budget hearings with the Budget Review Committee took place May 1, 2013 through May 10, 2013. On May 21, 2013 the Mayor issued a May Revision (“May Revise”) to his Proposed Budget along with the FY 2013 Year-End Monitoring Report. On May 22, 2013, the Budget Review Committee held an evening budget hearing to review the May Revise and the FY 2013 Year-End Report and to seek feedback from the community on the budget proposals. The IBA began its review and analysis of the May Revise on May 21, 2013.

This report presents our final FY 2014 budget review and recommendations which are based on the following: our analyses of the FY 2014 May Revise, the FY 2013 Year-End Monitoring Report and the FY 2014 Proposed Budget; review and consideration of outstanding budget issues communicated by Council members in their May 31st budget priority memos; and consideration of feedback from the public, City staff and City Council members during the budget hearings.

The Mayor’s Supplemental May Revise was issued on June 5, 2013 to be considered by Council at the June 10, 2013 meeting. We will be prepared to respond to this item at the June 10, 2013 Council meeting.

OVERVIEW OF THE MAY REVISE AND KEY ISSUES

The May Revise increases the Mayor’s FY 2014 General Fund budget proposal by \$13.6 million, from \$1.200 billion to \$1.214 billion. Not including expenditure reductions, an additional \$25.8 million of new resources have been identified in the May Revise, including \$10.0 million of FY 2013 budget surplus and \$15.8 million in new or increased revenues. These new resources are offset by an \$8.7 million decrease in SDGE settlement revenues (returned to the Public Liability Fund); and a \$3.5 million decrease in TOT revenue, promotional programs TOT transfer and gas tax revenue. \$13.6 million in net new resources is used to fund 28.06 new FTEs and other

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items, increasing the total new positions from 60.29 FTEs in the Mayor’s Proposed Budget to 88.35 FTEs in the revised budget.

Attachment A provides a list of the proposed expenditures in the May Revise, as well as number of FTEs where applicable. **Attachment A** includes all new revenue sources included in the May Revise which have provided funding for expenditure additions.

May Revise Addresses Additional Council Priorities, But No Library or Park and Recreation Hours Increased

For the past two fiscal years when additional funds were identified late in the budget process, both the Mayor’s May Revise, the Council’s Final Budget Revisions and IBA Final Recommendations focused primarily on increasing services to our residents. In FY 2012 and FY 2013, new funding was used to increase service hours at all libraries; increase hours at recreation centers; restore a Graffiti team; increase pool operating hours; restore swim team and water polo programs; and increase after school programs.

While \$13.6 million and 28.06 new FTEs have been added in the May Revise, there are no significant increases in direct services to the community. Even though branch library and recreation center hours, available to the public, were increased in FY 2012 and FY 2013, the hours remain significantly below what they were a decade ago.¹ The budgets for these two departments as a percentage of the City’s total budget have also declined.² If they were funded at 2001 levels today, the Library Department’s budget would increase by an additional \$6.1 million, the Park and Recreation budget would increase by \$17.4 million.

With the additions in the May Revise, the FY 2014 budget proposal aligns with many of the Council priorities established in the FY 2014 City Council Budget Priorities Resolution. Council priorities added in the May Revise include Police civilians; a Lifeguard Advanced Academy; condition assessments for Facilities and Park and Recreation assets; additional staff for Purchasing and Contracting; and new Labor Relations staff to negotiate with City employees on operational efficiencies. However, consistent top priorities of the Council- increasing service hours for the public at branch libraries, New Central Library and recreation centers- have not been included in either the Mayor’s Proposed Budget or the Mayor’s May Revise.

The table on the following page lists the items included in the Council’s Budget Priorities Resolution and identifies if they have been funded in either the Mayor’s Proposed Budget or the May Revise.

1		<u>2001</u>	<u>Today</u>
Minimum number of weekly branch library hours:		48	44
Number of weekly Central Library hours:		64	49
Average number of weekly recreation center hours:		62.3	40.8
2 Library Budget as a % of Total General Fund Budget		4.10%	3.59%
Park Recreation Budget as a % of Total General Fund Budget		8.82%	7.38%

Attachment E

CITY COUNCIL FY 2014 BUDGET PRIORITIES RESOLUTION			
BUDGET RESOLUTION PRIORITY		FY 2014 PROPOSED	FY 2014 MAY REVISE
<i>Enhancing Public Safety</i>			
1	Restoration of Police Civilian Positions		√
2	Increased Number of Police Academies / Recruits in Academy	√	
3	Increased Number of Lifeguard Recruits		√
4	Increased Number of Fire Academy Recruits / Add a Second Academy		
5	Funding for Lifeguard Vehicles & Increased Training	√	
6	Lifeguard Wellness Program	√	
<i>Infrastructure & Deferred Capital</i>			
7	Update Asset Condition Assessments ¹		√
8	Efficiency Consultant for Infrastructure Delivery; Other Studies		
9	Deferred Capital Borrowing On Schedule		
<i>Park & Recreation / Library Hours / Penny for the Arts</i>			
10	Maintaining Library Branch Hours	√	
11	Maintaining Park & Recreation Center Hours	√	
12	Increasing Library Branch Hours		
13	Increasing Park & Recreation Center Hours		
14	Funding for the Penny for the Arts Blueprint	√	
<i>Increased Funding for Neighborhood Services</i>			
15	Community Plan Update Funding	√	
16	Twice Per Week Refuse Pick-Up in Mission Beach from Memorial Day to Labor Day		
17	Neighborhood Code Compliance Improvements	√	
18	Establishment of an Urban Forestry Program		
<i>Reforms, Efficiencies, Partnerships, and Adherence to Fiscal Policies</i>			
19	Ongoing Expenditures Funded By Ongoing Revenue		Partial
20	Adherence to City Reserve Policy / Maintenance of High Level of Reserves	√	√
21	Continued Growth of Marketing Partnerships		
22	Purchasing & Contracting Department Staffing / Resources / Efficiency	√	√
23	Enhanced City Website Functionality for Business and Citizens		
24	Alternative Work Schedules		
25	Continuation of Managed Competition		
26	Labor Relations Officer to Negotiate Efficiencies Identified by Employees		√

¹ Excludes sidewalks

May Revise Includes IBA's Potential Revisions to the Proposed Budget

With the exception of freeing up future CAD System funding and the EMS fund balance, the May Revise has utilized all of the IBA's proposals for new one-time and on-going resources identified in our first report as shown in the table on the following page. These new resources have been used to fund a wide range of new expenditures in the May Revise and, therefore, are no longer available for funding other City Council or community priorities. Also shown in the table are the IBA proposed expenditures from our first report that have now been incorporated in the May Revise.

IBA Review of the Mayor's FY 2014 Proposed Budget (4/29/13)		
Potential One-Time Revisions		
(\$ in millions)		
Potential Additional One-Time Resources		Included in May Revise
1	Release County Refund currently earmarked in the CIP	
2	SAFE Funds (Restricted)	√
3	Utilize remaining EMS fund balance not expended in Proposed Budget	
4	Utilize remaining FY 2013 budget surplus	√
5	Utilize Risk Management Administration fund balance	√
6	Reduce funding for computer acquisition and replacement	√
Potential One-Time Expenditures		
7	Increase FY 2014 M&R deferred capital funding to catch up to FY 2013 funding level	√
8	Provide one-time funding for condition assessments: a. facilities; b. sidewalks; and c. park assets	√*

*Facilities and park assets, sidewalks not included

IBA Review of the Mayor's FY 2014 Proposed Budget (4/29/13)		
Potential Ongoing Revisions		
(\$ in millions)		
Potential Ongoing Resources		Included in May Revise
1	Utilize Street Damage Fund to fund trenching portion of streets deferred capital, consistent with the Fund's criteria	√
2	Increase RPTTF revenue for FY 2014 in Proposed Budget	√
Potential Ongoing Expenditures		
3	"Catch-up" Program for Enhanced Option B - Deferred Capital Funding Plan to achieve funding goals through FY 2018, impacts in FY 2015 - 2017 for small increases to debt service	
4	Increase funding for Fire-Rescue diesel fuel costs	√
5	Increase Fire-Rescue personnel budget to further align with operational needs	
6	Increase Fire Academy budgeted for FY 2014 from 30 to 36 recruits	
7	Restore 4 branch library and 3 Central Library hours	
8	Begin phasing in restoration of recreation center hours	
9	Extend operations of Homeless Veterans Emergency Shelter in FY 2014: a. Existing 4 months to 7 months OR b. Existing 4 months to 12 months	√*
10	Provide funding for efficiency consultant for department efficiency studies to identify savings and mitigate deficits in future years	

*Extended to 12 months but budgeted funds may not be sufficient to operate at this level as discussed later in this report

Reliance on One-Time Revenues Reduced But Not Eliminated

Slightly reducing the use of one-time resources to support ongoing expenditures in the May Revise, which will mitigate the deficit for FY 2015, is a positive step. The budget principle guiding the use of one-time resources has been taken seriously for the past several years and has helped make the City's structural budget deficit a thing of the past. Additionally, the May Revise has reduced reliance on one-time SDGE funding in the budget from \$21.6 million to \$12.9 million by returning \$8.7 million to the Public Liability Fund. This action has the benefit of

Attachment E

reducing the annual General Fund contribution to the Public Liability Reserve necessary to meet the City's policy goals by FY 2019, from \$4.8 million to \$2.7 million.

Review of May Revise Revenue Adjustments

TOT

In the May Revise, the transient occupancy tax (TOT) projection is reduced by \$1.4 million in the General Fund and \$1.3 million in the TOT Fund, for a total reduction of \$2.7 million. This reduction is based on revised year-end projections for FY 2013 which demonstrate a \$2.5 million reduction from the year-end projection assumed in the development of the FY 2014 Proposed Budget. This results from growth in TOT receipts in recent months demonstrating a decline over the same period in the previous year. FY 2013 TOT revenue may continue to fall short of projected levels if the recent trend of a reduction in growth persists for the remainder of the fiscal year, which would further impact the FY 2014 projection. The projected growth in TOT over FY 2013 remains budgeted at 6.0%.

Property Tax

The May Revise includes an \$5.9 million increase in the property tax revenue projection. Of this total increase, \$2.6 million is related to an increase in the 1% base property tax revenue, and \$3.3 million to an increase in the projected Redevelopment Property Tax Trust Fund (RPTTF) receipts.

The increase in the 1% base property tax revenue is based on preliminary information from the County Assessor's Office conveying an estimated growth of 2.6% in assessed valuation. The FY 2014 projection has been revised to reflect this 2.6% growth increase over current FY 2013 year-end projections.

The increase of \$3.3 million in anticipated ongoing RPTTF—including both tax-sharing pass through payments and residual distributions—is in line with the additional \$3.1-3.2 million of anticipated RPTTF identified in the IBA Review of the FY 2014 Proposed Budget and is based on updated projections by Financial Management.

General Fund Reserve Remains In Excess of Policy Goals

The Year-End Budget Monitoring Report describes a projected \$17.0 million budgetary surplus for FY 2013. Because revenues are projected to be higher and expenditures are projected to be lower than the current budget³, the City is projecting that budgeted reserves of \$14.3 million will not be utilized in FY 2013. Further, it is projected that there will be \$2.7 million more in revenues than expenditures. These two combined amounts yield a FY 2013 budgetary surplus of \$17.0 million.

Because FY 2013 actual revenues are projected to be \$2.7 million higher than expenditures, the projected actual surplus is \$2.7 million. Below is a table showing the calculation of the General Fund Reserve Balance for FY 2013 and FY 2014, which incorporates the projected surplus for FY 2013 and the use of reserves budgeted in FY 2014.

³ The current FY 2013 expenditure budget includes budget adjustments made after the adoption of the budget: increases of \$5.0 million for Civic San Diego expenditures; a \$200,000 increase for vendor registration software; the \$6.9 million property tax administration fee refund which funds the Police CAD project; \$1.1 million in mid-year use of surplus; and \$4.0 million in mid-year net appropriation increases.

<i>(\$ in millions)</i>	Reserve	% Revenues
FY 2012 Ending Reserve Balance	\$ 167.2	
FY 2013 Projected Surplus	2.7	
FY 2013 Projected Ending Reserve Balance	\$ 169.9	14.5%
FY 2014 Use of Reserves	(13.9)	
FY 2014 Projected Ending Reserve Balance	\$ 156.0	13.0%

**Does not reflect supplemental May Revise*

The estimated FY 2014 year-end General Fund reserve balance of \$156.0 million includes \$28.5 million for potential impacts due to the dissolution of the City's Redevelopment Agency (RDA). While the \$28.5 million will cover the \$28.0 million anticipated claw back of payments previously made under agreements that were disallowed by the State Department of Finance (DOF) under the Recognized Obligation Payment Schedule (ROPS) 3, additional impacts of \$2.3 million to \$9.9 million have been identified which surpass the amount set aside in General Fund reserve. These additional impacts could be reduced by \$13.2 million in revenues resulting from the non-housing due diligence review as well as the City's share of any Claw Back that may occur. The items discussed below are not reflected in the reserve amounts shown in the table above, which underscores the need to preserve funds for ongoing risks to the General Fund.

Potential New Impacts to General Fund Reserve Due to RDA Dissolution

Expenditure Impacts

1. *\$1.6 million – Loan for Successor Agency Budget Shortfall*

The Successor Agency will likely seek approval on June 11, 2013 for a loan for up to \$1.6 million to cover a deficiency in its budget for FY 2013; the actual loan amount is likely to be about \$700,000. The shortfall is due to a reduction in the administrative cost allowance—which is calculated as 3% of the Successor Agency's distribution of RPTTF to pay enforceable obligations—based on items disallowed by the DOF on ROPS 3 (for the period July through December 2012). The City can seek recovery of the loan amount on a future ROPS, and if approved by the Oversight Board and DOF the City could be repaid as early as January 2014.

2. *\$29.6 million – State Controller Claw Back*

Since the DOF has denied certain debt repayments between the City and former RDA on ROPS 3 and more recently on ROPS 4, the State Controller is likely to claw back payments previously made under those agreements, including \$22.6 million for Petco Park improvements; \$4.5 million for the Convention Center Phase II expansion; \$0.9 million for general/startup debt; and \$1.6 million for the Naval Training Center (NTC) Section 108 loan. Note that the City would receive its share of the claw back amount which is 21%.

3. *\$6.7 million – Items Disallowed on ROPS 4*

The DOF denied two items in ROPS 4 which could potentially impact the General Fund. This includes the Naval Training Center (NTC) Section 108 loan which was an outstanding balance of \$6 million, with about \$400,000 of this amount due in FY 2014. This also includes about \$664,000 for project management from the Development Services Department on the Harbor Drive Pedestrian Bridge.

Attachment E

Revenue Impact

1. \$13.2 million – Non-Housing Due Diligence Review (DDR)

The DDR of the non-housing funds of the Successor Agency, required per redevelopment dissolution law, identified \$62.8 million of unobligated reserves for remittance to the County Auditor and Controller for distribution to local taxing entities. Pending the State Department of Finance's (DOF) final approval, the City will receive its share (21%) of about \$13.2 million in additional property tax revenue, likely in early FY 2014. Given the continuing high level of risk to the General Fund due to redevelopment dissolution, we believe it is important to preserve these funds to mitigate future risks.

Public Liability Reserve Goal Will Be Achieved by FY 2019 With Lower Annual Required Contributions

In FY 2012 the City deposited \$27.0 million related to a wildfire settlement with SDG&E into the Public Liability Fund (note that the Public Liability Fund is supported solely with General Fund monies). As part of the FY 2014 budget balancing actions, the Mayor's Proposed Budget transferred the General Fund portion of the \$27.0 million settlement (\$21.6 million) to the General Fund. The remaining \$5.4 million was expected to be transferred to the appropriate Enterprise Funds as part of the May Revision.

However, with the use of one-time resources, including an increase in Tobacco Settlement revenues and the use of budgetary surplus from FY 2013, the FY 2014 May Revise decreases the amount transferred to the General Fund from \$21.6 million to \$12.9 million. This leaves \$8.7 million of the \$21.6 million within the Public Liability Fund, reducing the anticipated Public Liability reserve contributions for each of fiscal years 2015 through 2019 by \$1.7 million in the May Revise.

Furthermore, only \$3.4 million of the \$5.4 million originally estimated to be transferred to the Enterprise Funds from the Public Liability Fund will be transferred – which leaves an additional \$2.0 million in the Public Liability Fund. This is anticipated to reduce the Public Liability reserve contributions for each of fiscal years 2015 through 2019 by an additional \$0.4 million on top of the \$1.7 million stated in the May Revise.

As a result, the anticipated contributions to the Public Liability Fund Reserve for each of fiscal years 2015 through 2019 are expected to be reduced by \$2.1 million – from \$4.8 million to \$2.7 million. The Public Liability Fund Reserve Policy target of achieving 50% funding of outstanding liabilities by FY 2019 is expected to be achieved with these reduced annual contributions. Note that there will be no adjustment to the FY 2014 \$4.8 million reserve contribution amount, of which \$4.7 million is anticipated to be funded through existing Public Liability fund balance.

The IBA supports this funding approach for achieving the overall target of 50% funding of outstanding public liability claims by FY 2019, as the current City Reserve Policy prescribes.

SIGNIFICANT FUNDING ISSUES THAT REQUIRE FUTURE COUNCIL REVIEW

Infrastructure Cash Funding Increased, Future Bond Issuances and Sidewalk Assessment Unresolved

Sidewalk Condition Assessment

We support many of the proposals and commend the Mayor and his financial team for addressing the strong concerns expressed by the City Council and the IBA regarding the inadequate funding for infrastructure in the Proposed Budget. The May Revise now includes \$1.3 million in funding for condition assessments for Facilities and Park and Recreation assets as well as \$8.8 million for water and wastewater assets. These assessments are imperative to identifying the magnitude of the problem and prioritizing funding allocations. The Sidewalk Condition Assessment has not been funded in FY 2014 due to liability concerns and the need to develop a policy for how this information will be used, especially relating to the financial responsibilities of the City and adjacent property owners for sidewalk repair and replacement. However, the City has a responsibility to keep sidewalks safe and in usable condition regardless of whether the City or property owner pays for the repairs.

RECOMMENDATION #1

We recommend that the City assess and revise its policy on sidewalk repairs in consultation with the City Attorney's Office and one-time funding be identified for conducting the sidewalk condition assessment so it can be initiated as soon as possible.

M&R Funding

The May Revise also includes cash funding of \$55.2 million for deferred capital that exceeds the current year level of \$54.1 million. This is an increase of \$6.2 million from the Proposed Budget which is all budgeted for streets, including \$2.2 million for Maintenance & Repairs (M&R) and \$4.0 million for capital projects. The increase in cash funding is a positive step, but it is important for the City to have a common definition of M&R funding which cannot be funded with bond proceeds and is vital for maintaining the condition of assets.

RECOMMENDATION #2

We recommend that M&R funding needs, required to prevent further deterioration of assets, be reassessed to reflect new information, such as the new sustainability model for facilities, and be brought to the Infrastructure Committee in conjunction with updates to the Five-Year Deferred Capital Funding Plan. This will provide a more accurate, transparent view of M&R funding deficiencies and a more solid target for future funding. This is also important so that accurate M&R funding needs can be included in the Multi-Year Capital Improvements Plan which the City is beginning to develop.

Future Bond Issuances

While several positive steps have been taken in the May Revise related to infrastructure, we repeat concerns expressed in our first report regarding the 6-9 month delay in issuing the next round of debt financing for deferred capital as currently proposed in the budget. We continue to recommend a "Catch-Up" Plan that entails increasing the bond issuances from \$80 million to \$100 million in FY 2014-2017. This proposal has no fiscal impact in FY 2014. While it will

Attachment E

slightly increase debt service payments in the future, this approach will bring the City much closer to achieving the funding goals in Enhanced Option Plan B as adopted by Council in March 2012.

RECOMMENDATION #3

We recommend that discussion of the IBA’s “Catch-Up” Plan for the Five-Year Enhanced Option Plan B be brought to the Infrastructure Committee and City Council well in advance of the Mayor releasing his next Five-Year Outlook which is scheduled for November 2013. It is important for the Council to provide policy direction to the Mayor regarding future bond issuances prior to the development of the Five-Year Outlook in November 2013 to ensure that five-year annual debt service requirements will match Council policy.

The following table on the following page shows changes to infrastructure funding between the Proposed Budget and the May Revise and summarizes outstanding issues.

	Proposed Budget	May Revise	Issues for Consideration
Condition Assessments	Condition Assessments for facilities, park system assets, sidewalks, and water and wastewater assets are not funded.	Condition assessments funded: <ul style="list-style-type: none"> • Facilities (total General and Enterprise Fund \$1.6 million); • Park System Assets (\$264,000); • Wastewater Assets (\$3.7 million); and • Water Assets (\$4.5 million) 	The Sidewalk Condition Assessment has not been funded due to liability concerns and the need to develop a policy for how this information will be used, including the City’s and adjacent property owners’ responsibilities. This policy should be reassessed in consultation with the City Attorney’s Office and so that the sidewalk assessment can be initiated as soon as possible.
Maintenance & Repair (M&R) for Facilities, Streets, and Storm Drains <i>(formerly called Operations & Maintenance)</i>	M&R is decreased from \$50 million in the Five-Year Outlook to \$49 million, about \$5.1 million less than the \$54.1 million funded in FY 2013.	Cash funding is increased by \$6.2 million from \$49 million to \$55.2 million; the entire \$6.2 million is for streets. This includes: <ul style="list-style-type: none"> • \$2.2 million for M&R, and • \$4 million to fund CIP projects. 	M&R funding may not represent the proportional M&R need for the three asset types, particularly since the sustainability model for facilities has increased ongoing M&R by \$30 million over the current funding level to meet the low end goal. Revised/updated M&R to meet the Status Quo should be brought to the Infrastructure Committee so that the City has a more accurate target for funding M&R.
Deferred Capital Bond Funding	Starting with DC 3, all four remaining planned bond issuances are delayed by six to nine months.	No change. Note that the IBA’s Proposed Catch-Up Option which increases the four remaining bonds to \$100 million each does not impact the FY 2014 budget.	The IBA’s Proposed Catch-Up Option should be brought to Infrastructure Committee as soon as possible for consideration and approval for inclusion in the FY 2015-2019 Outlook.

Police Officer Recruitment and Retention

Increased Police Academy Size

During the FY 2014 Budget Hearings, the Police Department expressed that with the current proposal of an increase in academy sizes to 34, and assumed sworn attrition of 8 per month, the department will achieve its current budgeted staffing level of 1,969.5 FTE in January 2017. It is projected that the department will not reach its Five-Year Plan sworn staffing goal of attaining its FY 2009 budgeted level of 2,127.75 FTE by FY 2018 until October 2022.

To make strides toward reaching the Police Department's Five-Year Plan goals, our office recommends that the size of all four academies be increased from 34 to 36 recruits. Assuming an attrition rate of 8 per month, the department would reach its current budgeted staffing in October of 2015, and its Five-Year Plan goals in January 2020. The cost of eight additional recruits is estimated at \$536,400.

If sworn attrition levels improve to 7 per month, the department would reach its current budgeted staffing in April 2015, and its Five-Year Plan goal in April of 2018, four years earlier than the budget currently allows. Also, as discussed at the budget hearing, holding four 34 recruit academies requires the department to rely on savings achieved from an attrition rate of 8 per month. If the department experiences an improvement in its attrition levels to an average of 7 per month, an additional \$175,300 would be necessary to maintain the academy size. Total funding required to increase the academy size to 36 recruits, and provide a small amount of funding flexibility in the event of lower attrition, is estimated at \$712,000.

Sworn Staffing Retention Program

As discussed at the FY 2014 Budget Hearings, sworn officer staffing challenges must be addressed by not only providing funding for more Police recruits, but by also addressing current attrition issues within the Police Department. In the current fiscal year, monthly attrition levels are higher than the average of 7 per month experienced in the past three fiscal years. The department has communicated that it has lost officers to other law enforcement agencies, with higher compensation being a main reason.

A majority of the Council budget priority memos discuss the desire to set-aside funding to support a retention program for sworn officers. The details regarding such a program have not been formulated at this time but may involve longevity criteria and/or performance pay, or other measures to allow the department to be competitive with other law enforcement agencies offering lateral opportunities.

Potential Impact of Increased Academy Size and Retention Program

If sworn attrition levels improve to 7 per month, with the implementation of an effective retention program, the department would reach its current budgeted staffing in April 2015 and its Five-Year Plan staffing goals in April of 2018.

RECOMMENDATION #4

In our final budget recommendations, we are recommending that ongoing funding be provided in order to increase academy size from the 34 recruits to 36 recruits. This funding will also provide a small amount of flexibility for the Academy budget in the event attrition is lower than assumed. Based on a majority of Council priority memos, we

Attachment E

have also recommended one-time funding of \$2.0 million to develop and implement a new officer retention program.

Public Safety Potential Underfunding Issues

We have seen a pattern of underfunding in recent years in Public Safety in the areas of personnel expenditures, diesel fuel costs and helicopter fuel and maintenance. In our last three reviews of the Mayor's Proposed Budgets (FY 2012, 2013 and 2014) we have raised the issue of underfunding of helicopter operating and maintenance expenses. The Mayor has allocated SAFE funding of \$650,000 million for helicopter operations and maintenance for FY 2014. However, since SAFE funding is one-time, this will be a budget issue again in FY 2015. The Mayor has also allocated \$1.0 million to Fire-Rescue to address underfunding of fuel expenses, a critical operational need. The Department exceeded their adopted fuel budget by \$1.0 million in FY 2012 and is projected to do the same in FY 2013.

Following is a discussion of the two potential areas of underfunding concerns that may surface during FY 2014. All of these issues, if not addressed now, may need to be addressed in the Mid-Year Monitoring Report.

Potential Shortfalls in Fire-Rescue Personnel Funding

There is potential for a budget shortfall in Fire-Rescue personnel expenditures in FY 2014. As of the Mid-Year Report, the department was projected to end FY 2013 \$2.8 million over budget in personnel costs. When this issue surfaced in FY 2012, Financial Management and Fire-Rescue analyzed the causes and recommended an increase in personnel expenses for FY 2013, resulting in a net increase of \$5.7 million to the budget. In our first report on the Mayor's Proposed Budget, we noted the FY 2014 budget will likely not address the department's personnel expenditure needs based on our analysis. At the department's FY 2014 budget hearing Chief Mainar informed the Council that the shortfall for personnel expenditures in FY 2014 could range from \$1.5 million to \$2.5 million. This has not been addressed in the FY 2014 Budget and could require a Mid-Year adjustment.

Fire-Rescue Revenues Potentially Overestimated

The department requested a total of \$1.6 million in reductions be made to FY 2014 revenue assumptions for fire alarm fees and CEDMAT inspection fees based on their experience and analysis. The FY 2014 budget reduces these revenues in total by \$600,000. Since their initial request, the department has seen an improvement in fire alarm fee revenue. However, CEDMAT fee revenue remains a concern with a potential shortfall in revenues estimated at \$500,000 for FY 2014.

RECOMMENDATION #5

We recommend these two issues be discussed at the Public Safety and Neighborhood Services Committee in advance of the Mid-Year Report to determine whether a budget problem exists that will require Mid-Year funding and potentially require adjustments in FY 2015.

FISCAL POLICIES AND PROGRAMS THAT REQUIRE CITY COUNCIL REVIEW IN FY 2014

FY 2014 Fiscal Impacts Resulting from the Conclusion of Five-Year Labor Agreements

Reporting Fiscal Impacts of Five-Year Labor Agreements

When all actions related to Five-Year Labor Agreements are concluded, they could result in savings in early FY 2014 which will fall to fund balance increasing the General Fund reserve.

RECOMMENDATION #6

We recommend Council request the Mayor to bring to Council in early July, or as soon as available, the final impact on the FY 2014 budget as well as the Five-Year Outlook of five-year labor agreements, including an updated status of the FY 2014 General Fund Reserve.

FY 2014 Statement of Budgetary Principles

The Statement of Budgetary Principles (“Statement”) is an agreement between the Mayor and City Council that has been in existence since 2008 and has assisted in clarifying issues of budgetary authority and communication between the Executive and Legislative branches following budget adoption each year. For the past six fiscal years, following discussions with the Mayor’s Office and agreement on proposed amendments, the Statement has been reviewed by the Budget and Finance Committee and adopted by the City Council as a companion resolution to the Appropriations Ordinance in July. This resolution, and the Mid-Year Budget Adjustments Ordinance- 20084, adopted by the Council in July 2011, lay out expectations and responsibilities for both the Mayor and City Council for carrying out budget intent throughout the fiscal year.

Our office plans to begin discussing these Principles with the administration following final Council budget decisions. As there is some overlap between the Resolution and Ordinance, we will be looking at whether it is advantageous to combine the two documents into a single piece of legislation. We plan to bring this item to Council prior to the legislative recess.

City’s Budget Policy and Reserves Policy Need to Be Updated

Council Review of “Budget” and “Reserve” Policies

The City’s Budget Policy was last updated in November 2010, numerous sections are outdated and require substantial revision. The update process was initiated by Financial Management in the Fall of 2012 working with our office, but was put on hold due to the upcoming change in administration. Many aspects of the operating and capital budget processes have been improved and clarified since November 2010, and new budget principles and practices have been implemented.

In their priority memos, several Council members have expressed a desire to review the City’s Reserves Policy, particularly with respect to the General Fund, to determine if current policy goals should be increased based on changing budget conditions.

RECOMMENDATION #7

We recommend that both the Budget Policy and the Reserves Policy be brought to the Budget and Finance Committee for review and discussion in early Fall.

Attachment E

Status of the City's Strategic Plan and Performance Measures

Council Involvement in Mayor's Update and City Strategic Plan

We commend the Assistant Chief Operating Officer and his staff for working quickly to incorporate a majority of the City's Council's performance measures into the City's Proposed Budget documents both in Volume 1 and in Department's write-ups in Volume 2. It is our understanding that a complete, in-depth review of the Strategic Plan, department tactical plans and all performance measures will be undertaken during FY 2014, for inclusion in the FY 2015 budget, to align with goals of the new administration.

The Council has invested extensive time and effort in advocating for the incorporation of performance measures in the budget process; in developing a list of performance measures, for the administration, that Council sees as top priorities of the community; and in making recommendations for increasing their effectiveness, consistency and transparency. While a majority of Council recommended measures have been included, several of the measures proposed by Councilwoman Lightener remain outstanding and should be reconsidered.

RECOMMENDATION #8

We request that the Mayor's Office continue to work with our office and the Budget and Finance Committee to ensure that the City's Strategic Plan and performance measures represent the policies and funding priorities of the legislative branch and the community.

Managed Competition and Other Efficiency Programs

Managed Competition Evaluation Status/New Efficiencies and Innovation Program

In their priority memos, several Council members indicated a strong desire to either move forward with the City's managed competition program or embark on an aggressive program to identify efficiencies and innovations as well as long term savings in City operations. Suggestions included utilizing vacant positions in the ACOO's office to develop and implement this program; utilizing the efficiency expert that provided guidance during the Managed Competition Program to assist City departments; and to focus on accelerating CIP project delivery cycles and e-government opportunities. The current budget includes significant resources that can be dedicated to this program including existing vacant positions and new positions in Human Resources. In the Proposed Budget, the Mayor stated he would be undertaking departmental efficiency studies to identify FY 2015 savings in order to mitigate the use of one-time proposals included in the FY 2014 budget.

RECOMMENDATION #9

We recommend that the Mayor develop a replacement program for Managed Competition if it is his intent to not move forward with Managed Competition. If this is the case, the Mayor should bring forward to Council a plan for carrying out a new efficiencies and innovations program that lays out his staffing plan; involvement of employee groups; proposals for use of consultant(s); the functions or activities that will be the focus of the initial program; and the estimated timetable for carrying this out.

Also, several months ago the Mayor initiated a comprehensive review of the Managed Competition Program, to be undertaken by the Business Office which was expected to be completed by July 2013. If the Mayor plans to revive the Managed Competition program, we recommend he bring forward to the Budget and Finance Committee the results of the Business Office evaluation as soon as it is available.

HIGH LEVEL RESULTS OF COUNCILMEMBERS' FINAL BUDGET PRIORITY MEMOS

Council members FY 2014 budget priority memos, which are transmitted in IBA Report #13-24, indicate that the Mayor's May Revise has addressed one of the most serious Council concerns relative to the FY 2014 Proposed Budget related to insufficient infrastructure cash funding. Per the Council memos, other programs that remain a top funding priority of a majority of the Council, which are not included in the Mayor's Budget, include the following:

- Providing funding for a retention program to begin to address Police sworn officer attrition
- Providing funding for increasing service hours at all branch libraries
- Providing funding for increasing service hours at the New Central Library
- Providing funding for a Sidewalk Condition and Needs Assessment
- Restoring funding for overnight camping at Mission Trails Regional Park and improvements to the Visitor's Center

These items and their funding requirements are discussed in **Attachment B**.

A second level of priorities mentioned by four members of the Council, are also presented in **Attachment B** for your review and consideration as you develop your final recommendations.

Adding new expenditures to the FY 2014 budget requires the identification of offsetting resources. With the exception of freeing up future CAD System funding and the EMS fund balance, all new or increased resources identified through the budget process including IBA recommendations, have been allocated in the Proposed Budget or the May Revise. As a result, the following resource options are available for Council consideration during Final Council Revisions:

1. Identify expenditure reductions from the Proposed Budget and/or May Revise to offset the cost of Final Council Revisions. **Attachment C** identifies potential ongoing expenditure reductions for Council consideration. These suggestions are a combination of items mentioned in individual Council memos (although not by a majority) and/or by the IBA.
2. Free up a portion of the \$6.9 million set aside in the CIP for the new CAD System for more immediate one-time needs. Replacement funds for the CAD System would need to be identified in time for project development through a commitment of cash funding or lease-purchase financing. Some Councilmember memos also suggested leaving sufficient funds in the CIP for the CAD System to make an initial lease-purchase payment which is estimated at \$1.5 million.
3. **TEMPORARILY** utilize a small portion of the City's FY 2014 General Fund reserve with an equal amount to be replaced in the reserve when funds become available. As noted earlier, when the actions related to five-year labor agreements are finalized, it is anticipated they will result in new, recurring savings in early FY 2014 through reductions to the City's annual ARC payment. These savings will fall to Fund Balance, resulting in replacement funding for the reserve as well as an overall

Attachment E

increase to the General Fund Reserve. Our office would not recommend this temporary use of the City's reserves without a commitment for these funds to be replaced as soon as possible. In the event the anticipated savings do not result, new program expenditures funded in this manner should be cancelled unless other recurring funding sources are identified.

As an alternative to any of the three options discussed above, the Council could choose to wait for the conclusion of the budget impacts and estimated savings resulting from Five-Year Labor Agreements. It is expected that sometime in early July the City will be officially notified of these budget impacts. Resulting savings will fall to fund balance/reserve. To utilize any portion of the savings resulting from the five-year agreements, after budget adoption, would require an expenditure proposal to come from the Mayor and be submitted to the City Council for approval or modification. The Council cannot independently initiate a use of the Reserve once the budget has been adopted. The next Council opportunity to use any of these savings would be at the Mid-Year in March 2014. This would also require a recommendation from the Mayor for the use any projected surplus, however, per the Mid-Year Ordinance the Council could modify the Mayor's proposals.

IBA RECOMMENDED ONE-TIME REVISIONS TO THE FY 2014 BUDGET

A. Recommended One-Time Expenditure Additions- \$3.0 Million

1. Provide funding to develop and implement a Police retention program that begins to mitigate high attrition levels of Police sworn officers. This combined with increasing academy classes is projected to advance the achievement of the department's staffing plans by several years. This item is a top priority of the City Council, per the Council memos. - **\$2.0 million**
2. Provide funding to conduct a Sidewalk Conditions and Needs Assessment. This item is a top priority of the City Council, per the Council memos. - **\$1.0 million**

Total Recommended One-Time Expenditures - **\$3.0 million**

B. Recommended One-Time Funding Source to Offset New One-Time Expenditures - \$3.0 Million

1. Release \$3.0 million in one-time funding from \$6.9 million set aside in the CIP for future CAD System costs. This action will leave \$3.9 million in the CIP for up-front CAD System costs or payments for lease-purchase financing. This does not reduce the City's commitment to this critical project, progress can continue as planned, and replacement funding identified in the future.

Total Recommended One-Time Funds - **\$3.0 million**

IBA RECOMMENDED ONE-TIME REVISIONS TO THE FY 2014 BUDGET	
A. Expenditure Additions	
1. Funding for Police retention program	2,000,000
2. Sidewalk condition and needs assessment	1,000,000
<i>Total</i>	<i>\$3,000,000</i>
B. Funding Source	
1. Release \$3.0 million from \$6.9 million set aside for future CAD system costs	3,000,000
<i>Total</i>	<i>\$3,000,000</i>

IBA RECOMMENDED ONGOING REVISIONS TO THE FY 2014 BUDGET

C. Recommended Ongoing Expenditure Additions- \$4.0 million

1. Provide funding to increase service hours at New Central Library from 49 to 52 hours weekly. This will return service hours to levels available to the public over a decade ago. This is an opportune time for this as the community anticipates opening the doors to a new Central Library in September 2013. This item is a top priority of the City Council, per the Council memos. - **\$0.2 million**
2. Provide funding to increase service hours at all branch libraries from 44 to 48 hours weekly. This will return service hours to levels available to the public over a decade ago. This item is a top priority of the City Council, per the Council memos. - **\$2.9 million**
3. Provide funding to increase the number of recruits in each of the four Police academies from 34 to 36. This funding will also provide some flexibility to address potential academy underfunding should attrition and expected savings be lower than assumed in the budget. Increased Police funding was identified as a priority by several Councilmembers, including increasing academy size. This is also a recommendation of the IBA as a component of a recruitment and retention package. This, together with a new retention program, are projected to advance achievement of the department's staffing plans by several years. - **\$0.7 million**
4. Restore funding for overnight camping at Mission Trails Regional Park and improvements to the Visitor's Center. - **\$0.2 million⁴**

Total Recommended Ongoing Expenditures - **\$4.0 million**

⁴ \$60,000 of this is one-time for improvements to the Visitor's Center.

Attachment E

D. Recommended Ongoing Funding Sources to Offset New Ongoing Expenditures- Up to \$4.0 million

1. **TEMPORARILY** utilize \$4.0 million of the projected FY 2014 General Fund reserve to initially allocate resources for recommended additions. An equal amount will be replaced in the reserve when funds become available. As noted earlier, when the actions related to five-year labor agreements are finalized, it is anticipated they will result in new, recurring savings in early FY 2014 through reductions to the City's annual ARC payment. These savings will fall to Fund Balance, resulting in replacement funding for the reserve as well as an overall increase to the General Fund Reserve. Our office would not recommend this temporary use of the City's reserves without a commitment for these funds to be replaced as soon as possible. In the event the anticipated savings do not result, new program expenditures funded in this manner should be cancelled unless other recurring funding sources are identified.

OR

2. A combination of reserves and expenditure reductions as identified in **Attachment C** could be used.

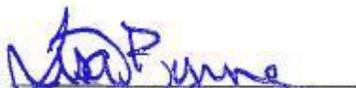
IBA RECOMMENDED ONGOING REVISIONS TO THE FY 2014 BUDGET	
C. Expenditure Additions	
1. Increase hours at New Central Library from 49 to 52	200,000
2. Increase service hours at all branch libraries from 44 to 48	2,900,000
3. Increase number of recruits in each of the 4 Police academies from 34 to 36 and provide funding flexibility	712,000
4. Restore funding for Mission Trails Regional Park & Improvements to the Visitor's Center	200,000*
<i>Total</i>	<i>\$4,012,000</i>
D. Funding Sources	
1. TEMPORARILY utilize portion of projected FY 2014 General Fund reserve/fund balance** OR a combination of reserves and expenditure reductions identified in Attachment C	Up to \$4,012,000
<i>Total</i>	<i>Up to \$4,012,000</i>

* \$60,000 is one-time funding for improvements to Visitor's Center

**An equal amount will be replaced with savings from reduced ARC payments from Five-Year Labor Agreements; if savings do not result related expenditures should be cancelled unless alternative funding sources are identified

OTHER ISSUES FOR COUNCIL DISCUSSION

At the City Council meeting on May 22, 2013 Council members had a number of questions regarding some of the items in the Mayor's May Revise. **Attachment D** to this report provides additional information on the following issues for Council review: storm water funding and new positions; 525 B Street lease savings; Veterans' and Emergency Homeless Shelter funding; and Small Business Enhancement Program (SBEP) funding.



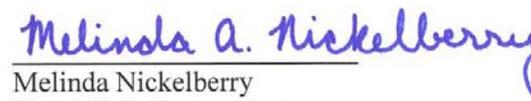
Lisa Byrne
Fiscal & Policy Analyst



Seth Gates
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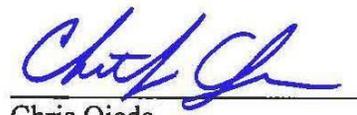
Jeff Kavar
Fiscal & Policy Analyst



Melinda A. Nickelberry
Fiscal & Policy Analyst



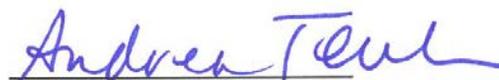
Erin Noel
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Chris Ojeda
Fiscal & Policy Analyst



Nicole Nelson
Research Analyst



APPROVED: Andrea Tevlin
Independent Budget Analyst

- Attachments: A: FY 2014 Mayor's May Revision Summary Table
B: Top Priority Expenditure Options Mentioned in Council Memos
C: Resource Options Mentioned in Council Memos and Proposed by the IBA
D: Other Issues for Council Discussion

FY 2014 MAYOR'S MAY REVISION SUMMARY TABLE

GENERAL FUND

DEPARTMENT TITLE	BUDGET ADJUSTMENT	FTE	PE	NPE	EXP	REVENUE	Type	Resource or (Adjustment)
City Comptroller	Accountant 3 Transfer	-	-	-	-	106,787	Ongoing Resource	106,787
City Treasurer	Business Tax and Rental Unit Business Tax Revenue	-	-	-	-	400,000	Ongoing Resource	400,000
Citywide Program Expenditures	Rent Savings	-	-	(1,643,685)	(1,643,685)	-	Ongoing Resource	1,643,685
Citywide Program Expenditures	Property Tax Administration Fees	-	-	(261,377)	(261,377)	-	Ongoing Resource	261,377
Economic Development	Redevelopment and Housing Successor Agencies	-	-	-	-	4,053,325	Ongoing Resource	4,053,325
Economic Development	HUD Program Manager	-	-	-	-	73,790	Ongoing Resource	73,790
Economic Development	Revenue for Reimbursable Position	-	-	-	-	140,363	Ongoing Resource	140,363
General Fund Departments	Workers Compensation Adjustment	-	(1,288,097)	-	(1,288,097)	-	Ongoing Resource	1,288,097
Human Resources	Senior Management Analyst	(1.00)	-	-	-	-	Ongoing Resource	-
Major Revenues	Property Transfer Tax Revenue	-	-	-	-	58,477	Ongoing Resource	58,477
Major Revenues	Property Tax Revenue	-	-	-	-	5,834,311	Ongoing Resource	5,834,311
Public Works - Engineering & Capital Projects	Convention Center Expansion	-	-	-	-	118,204	Ongoing Resource	118,204
Transportation & Storm Water	Revised TransNet Revenue	-	-	-	-	231,722	Ongoing Resource	231,722
Ongoing Resource Total		(1.00)	(1,288,097)	(1,905,062)	(3,193,159)	11,016,979	Ongoing Resource Total	14,210,138
City Attorney	Addition of Consumer and Environmental Protection & Prop. 64 Revenue	-	-	-	-	925,000	One-Time Resource	925,000
Council District 1 - CPPS	Community Projects, Programs, and Services Adjustment	-	-	(9,742)	(9,742)	-	One-Time Resource	9,742
Council District 2 - CPPS	Community Projects, Programs, and Services Adjustment	-	-	(29,381)	(29,381)	-	One-Time Resource	29,381
Council District 3 - CPPS	Community Projects, Programs, and Services Adjustment	-	-	(2,169)	(2,169)	-	One-Time Resource	2,169
Council District 4 - CPPS	Community Projects, Programs, and Services Adjustment	-	-	(25,629)	(25,629)	-	One-Time Resource	25,629
Council District 7 - CPPS	Community Projects, Programs, and Services Adjustment	-	-	(48,202)	(48,202)	-	One-Time Resource	48,202
Council District 8 - CPPS	Community Projects, Programs, and Services Adjustment	-	-	(18,536)	(18,536)	-	One-Time Resource	18,536
Department of Information Technology	PC Replacement Adjustment	-	-	(500,000)	(500,000)	-	One-Time Resource	500,000
Fire-Rescue	Lifeguard Sergeant	-	-	-	-	116,029	One-Time Resource	116,029
General Fund Departments	Risk Management Adjustment	-	(701,672)	-	(701,672)	-	One-Time Resource	701,672
Major Revenues	Tobacco Settlement Revenue (TSR)	-	-	-	-	3,760,000	One-Time Resource	3,760,000
Park & Recreation	Memorial Pool Expansion	(0.75)	(21,989)	(5,000)	(26,989)	-	One-Time Resource	26,989
One-Time Resource Total		(0.75)	(723,661)	(638,659)	(1,362,320)	4,801,029	One-Time Resource Total	6,163,349
City Attorney	Addition of Personnel Expenditures	-	925,000	-	925,000	-	Ongoing Adjustment	(925,000)
City Auditor	Assistant to the Director	1.00	112,386	-	112,386	-	Ongoing Adjustment	(112,386)
City Auditor	Electronic Work Paper System	-	-	20,000	20,000	-	Ongoing Adjustment	(20,000)
City Clerk	Passport Acceptance Facility	0.28	93	-	93	-	Ongoing Adjustment	(93)
City Comptroller	Accountant 3 Transfer	1.00	106,787	-	106,787	-	Ongoing Adjustment	(106,787)
Economic Development	Redevelopment and Housing Successor Agencies	-	-	4,053,325	4,053,325	-	Ongoing Adjustment	(4,053,325)
Economic Development	HUD Program Manager	-	73,790	-	73,790	-	Ongoing Adjustment	(73,790)
Economic Development	BID Support	-	-	185,000	185,000	-	Ongoing Adjustment	(185,000)
Economic Development	Veterans' Shelter	-	-	600,000	600,000	-	Ongoing Adjustment	(600,000)
Environmental Services	Downtown Port-a-Polities & Portland Loos Maintenance	-	-	50,000	50,000	-	Ongoing Adjustment	(50,000)
Fire-Rescue	Marine Safety Captain Restoration	1.00	163,072	-	163,072	-	Ongoing Adjustment	(163,072)
Fire-Rescue	Fuel Expenses	-	-	1,000,000	1,000,000	-	Ongoing Adjustment	(1,000,000)
Fire-Rescue	Lifeguard Scheduling Sergeant Restoration	1.00	116,024	-	116,024	-	Ongoing Adjustment	(116,024)
Human Resources	Human Resources Officers	3.00	449,623	2,000	451,623	-	Ongoing Adjustment	(451,623)
Major Revenues	Transient Occupancy Tax (TOT) Revenue	-	-	-	-	(1,695,929)	Ongoing Adjustment	(1,695,929)
Office of the Mayor	Director of Open Government	-	71,375	-	71,375	-	Ongoing Adjustment	(71,375)

FY 2014 MAYOR'S MAY REVISION SUMMARY TABLE

GENERAL FUND

DEPARTMENT TITLE	BUDGET ADJUSTMENT	FTE	PE	NPE	EXP	REVENUE	Type	Resource or (Adjustment)
Office of the Mayor	IQ Software	-	-	65,464	65,464	-	Ongoing Adjustment	(65,464)
Park & Recreation	Support for Brush Management	1.00	112,058	-	112,058	-	Ongoing Adjustment	(112,058)
Park & Recreation	Operations of Seal Cam	-	-	50,000	50,000	-	Ongoing Adjustment	(50,000)
Park & Recreation	Special Promotional Programs TOT Transfer	-	-	-	-	(1,169,237)	Ongoing Adjustment	(1,169,237)
Personnel	New Employee Medical Examination and Random Drug Testing	-	-	-	-	-	Ongoing Adjustment	(50,000)
Police	Police Civilian Positions	4.00	346,039	-	346,039	-	Ongoing Adjustment	(346,039)
Public Works - Engineering & Capital Projects	Convention Center Expansion	1.00	118,204	-	118,204	-	Ongoing Adjustment	(118,204)
Purchasing & Contracting	Contracting Support	1.00	192,015	-	192,015	-	Ongoing Adjustment	(192,015)
Purchasing & Contracting	Equal Opportunity Contracting Support	1.00	118,179	-	118,179	-	Ongoing Adjustment	(118,179)
Transportation & Storm Water	Catch Basin Inspection and Cleaning	13.00	927,109	(705,900)	221,209	-	Ongoing Adjustment	(221,209)
Transportation & Storm Water	Revised Gas Tax Revenue	-	-	-	-	(613,125)	Ongoing Adjustment	(613,125)
Ongoing Adjustment Total		28.28	3,831,754	5,369,889	9,201,643	(3,478,291)	Ongoing Adjustment Total	(12,679,934)
City Auditor	Peer Review of Internal Controls	-	-	5,000	5,000	-	One-Time Adjustment	(5,000)
City Clerk	Archive Expansion	-	-	50,000	50,000	-	One-Time Adjustment	(50,000)
City Treasurer	Lobby Security	-	-	40,000	40,000	-	One-Time Adjustment	(40,000)
Citywide Program Expenditures	Kinder Morgan Litigation	-	-	700,000	700,000	-	One-Time Adjustment	(700,000)
Council District 5 - CPPS	Community Projects, Programs, and Services Adjustment	-	-	48,923	48,923	-	One-Time Adjustment	(48,923)
Council District 6 - CPPS	Community Projects, Programs, and Services Adjustment	-	-	6,779	6,779	-	One-Time Adjustment	(6,779)
Council District 9 - CPPS	Community Projects, Programs, and Services Adjustment	-	-	63,525	63,525	-	One-Time Adjustment	(63,525)
Economic Development	Check-in Center	-	-	50,000	50,000	-	One-Time Adjustment	(50,000)
Fire-Rescue	Lifeguard Sergeant	1.00	116,029	-	116,029	-	One-Time Adjustment	(116,029)
Fire-Rescue	SAFE Funds	-	-	245,000	245,000	-	One-Time Adjustment	(245,000)
Fire-Rescue	Advanced Lifeguard Academy	-	-	225,000	225,000	-	One-Time Adjustment	(225,000)
Major Revenues	SDG&E Settlement Revenue	-	-	-	-	(8,671,150)	One-Time Adjustment	(8,671,150)
Park & Recreation	Memorial Pool Expansion	-	-	-	-	(2,500)	One-Time Adjustment	(2,500)
Park & Recreation	Portable Pool Program	-	-	44,000	44,000	-	One-Time Adjustment	(44,000)
Park & Recreation	Park Assets Condition/Needs Assessment	0.53	-	264,000	264,000	-	One-Time Adjustment	(264,000)
Police	SAFE Program Reserve Funds	-	-	1,512,500	1,512,500	-	One-Time Adjustment	(1,512,500)
Police	Parking Enforcement Equipment	-	-	400,000	400,000	-	One-Time Adjustment	(400,000)
Police	Property Room Relocation	-	-	300,000	300,000	-	One-Time Adjustment	(300,000)
Police	AB 109 Funds	-	714,005	-	714,005	-	One-Time Adjustment	(714,005)
Public Works - Engineering & Capital Projects	Information Technology	-	-	80,000	80,000	-	One-Time Adjustment	(80,000)
Public Works - General Services	Facilities Condition/Needs Assessment	-	-	1,000,000	1,000,000	-	One-Time Adjustment	(1,000,000)
Public Works - General Services	Tubman-Chavez Community Center	-	-	50,000	50,000	-	One-Time Adjustment	(50,000)
Transportation & Storm Water	Catch Basin Inspection and Cleaning	-	-	290,000	290,000	-	One-Time Adjustment	(290,000)
Transportation & Storm Water	SAFE Program Reserve Funds	-	-	2,383,459	2,383,459	-	One-Time Adjustment	(2,383,459)
Transportation & Storm Water	Traffic Signal Communications Infrastructure Master Plan	-	-	200,000	200,000	-	One-Time Adjustment	(200,000)
Transportation & Storm Water	Tree Trimming	-	-	100,000	100,000	-	One-Time Adjustment	(100,000)
Transportation & Storm Water	Transfer to CIP	-	-	100,000	100,000	-	One-Time Adjustment	(100,000)
One-Time Adjustment Total		1.53	830,034	8,158,186	8,988,220	(8,673,650)	One-Time Adjustment Total	(17,661,870)
Grand Total		28.06	2,650,030	10,984,354	13,634,384	3,666,067	Grand Total	(9,968,317)

Attachment E

TOP PRIORITY EXPENDITURE OPTIONS MENTIONED IN COUNCIL MEMOS	
A. Expenditure Options Mentioned by Majority of City Council	
1. Increase Weekly Service hours at New Central Library from 49 to 52	\$200,000 (OG)
2. Increase Weekly Service hours at Branch Libraries from 44 to 48	\$2.9 million (OG)
3. Retention program to mitigate high sworn officer attrition	\$2.0 million (OT)
4. Sidewalk condition and needs assessment	\$1.0 million (OT)
5. Increase hours at Kumeyaay Campground	\$200,000 (OG)
B. Expenditure Options Mentioned by 4 Councilmembers (Not in Priority Order)	
1. Eliminate Fire Hazard Materials Team cross-staffing	\$1.9 million (OG)
2. Eliminate Fire Bomb Unit cross-staffing	\$1.9 million (OG)
3. Eliminate Urban Search and Rescue Unit cross-staffing	\$1.9 million (OG)
4. Increase frequency of park fertilization	\$450,000 (OG)
5. Urban Forestry program/tree trimming/ tree asset study	\$250,000 (OG)
6. Restore City Attorney budget to FY 2013 funding level	\$500,000 (OG)

**Proposals ranged from \$200,000 for tree assessment study, \$500,000 for Urban Forestry program, to \$2.4 million for Tree Asset Management Program; would require combination of one-time and ongoing funding depending upon desired level of program*

Following are brief discussions of the items outlined in the chart:

A1) Increase hours at New Central Library - For FY 2014, the Central Library is currently anticipated to have 49 service hours per week. The Central Library is scheduled to be open for eight hours Monday through Friday (hours of operations vary), five hours on Saturdays, and four hours on Sundays. The new Central Library is scheduled to open in late September 2013.

As presented in the IBA Report 13-19, Review of the Fiscal Year 2014 Proposed Budget, restoration of three service hours weekly to the Central Library is anticipated to cost approximately \$240,000 annually. The additional three service hours would increase the weekly service hours to 52 hours.

A2) Increase hours at Branch Libraries - For FY 2014, the branch libraries are currently scheduled to have 44 service hours per week. All branch libraries are open for eight hours on Monday, Thursday, and Friday; seven and a half hours on Tuesday and Wednesdays; and five hours on Saturdays. A few branch libraries are open on Sunday, primarily funded through private donations.

The Library Department has previously stated that a goal for a minimum amount of service hours for the branch libraries is 48 hours per week. An additional four service hours per week for all the branch libraries is estimated to cost approximately \$2.9 million annually. The additional four service hours would increase the weekly service hours to 48 hours per week per facility.

A3) Sworn staffing retention program - As discussed at the FY 2014 Budget Hearings, sworn officer staffing challenges must be addressed by not only providing funding for more Police recruits, but by also addressing current attrition issues within the Police Department. In the

current fiscal year, monthly attrition levels are higher than the average of 7 per month experienced in the past three fiscal years. The department has communicated that it has lost officers to other law enforcement agencies, with higher compensation being a main reason.

A majority of Council budget priority memorandums discuss the desire to set-aside funding to support a retention program for sworn officers. The details regarding such a program have not been formulated at this time, but may involve longevity and/or performance pay, or other measures to allow the department to be competitive with other law enforcement agencies offering lateral opportunities.

A4) Sidewalk Condition Assessment - \$1 million - Knowing the current condition of infrastructure assets is imperative to identifying the magnitude of the City's deferred capital and prioritizing funding allocations. The May Revise includes \$1.3 million in funding for condition assessments for Facilities and Park and Recreation assets as well as \$8.8 million for water and wastewater assets. However, the Sidewalk Condition Assessment—which has been identified by Council, City staff, and members of the public as a priority—has not been funded. This is due to liability concerns and the need for the City to develop a clear policy for how this information will be used, especially relating to the financial responsibilities of the City and adjacent property owners. Although California Streets and Highway Code (5610-5618) establishes that sidewalks are owned and maintained by adjacent property owners, City Council Policy 200-12 provides a 50/50 cost sharing program to motivate property owners to replace deteriorating sidewalks. The City is often held liable when a citizen is injured due to sidewalk disrepair.

The assessment will likely identify a large backlog for sidewalk repairs and replacement; under the existing Council policy this could place a significant financial burden on both the City and property owners. Our office agrees that a clear policy must be developed as soon as possible. However, the City has a responsibility to keep sidewalks in a safe and usable condition regardless of whether the City or property owner pays for the repairs. The sidewalks assessment has been identified as a high priority and is anticipated to take about one year to complete, so we are recommending that funding be provided in the FY 2014 Budget so that the assessment can be initiated immediately. The projected cost of the assessment is about \$1 million, including \$697,000 for 14.00 FTEs and \$326,000 for related non-personnel expenses. To reduce the potential liability to the City from damaged sidewalks, once the inspectors discover a condition that may be dangerous during the assessment, the City should follow up with temporary repairs as soon as reasonably possible to keep the public safe. This could impact TSW's FY 2014 budget for sidewalk repairs. The May Revise increased the initial \$400,000 budget by \$500,000 to a total of \$900,000. The \$500,000 is being appropriated for CIP projects.

A5) Restore overnight camping at Mission Trails Regional Park and improve Visitor Center (\$161,000 net of revenues) - In the FY 2013 Mid-Year Budget Monitoring Report (FY 2013 Mid-Year Report), the Financial Management Department projected a \$3.1 million surplus for FY 2013. The Mayor proposed several recommendations to the City Council for usage of the surplus including allocating approximately \$0.2 million to the Kumeyaay Campgrounds. The funding would be used to restore staffing to resume overnight camping and provide funding for capital improvements to the visitor center.

On March 11, 2013 during the discussion related to the FY 2013 Mid-Year Report, the Mayor indicated that his recommendations for the surplus, not approved at that time, would be brought back in the proposed FY 2014 Budget. Due to concerns about filling the needed positions by the

Attachment E

end of the fiscal year, the recommended funding for the Kumeyaay Campgrounds was not approved by the City Council in March.

During the May 22, 2013 Council budget hearings, Councilmembers Sherman and Zapf inquired about funding for the Kumeyaay Campgrounds. Staff confirmed that the funding to restore the overnight camping and undertake the capital improvements to the visitor center had not been included in either the FY 2014 Proposed Budget or the May Revise.

The cost projection for restoring the positions at the Kumeyaay Campgrounds is estimated at \$141,254, covering 1.00 Park Ranger and 0.50 Recreation Center Director and non-personnel costs. Revenue from the additional camping services is estimated at \$40,000 annually, resulting in a net annual impact of \$101,254 for ongoing personnel costs. One-time expenses for visitor center capital improvements are estimated at \$60,000.

B1, B2 & B3) Elimination of cross-staffing for Fire-Rescue Units - A number of the Council budget priorities memorandums include a request for the elimination of the cross-staffing of specialized units at fire stations. Crews at cross-staffed stations have training to respond to specialized calls for services involving hazardous materials, bombs, and/or necessitating the use of search and rescue tools and equipment. Station 44 is cross-staffed as a specialized HazMat Unit, Station 1, as a Bomb Squad Unit, and Station 41 as an Urban Search and Rescue (US&R) Unit. Response calls requiring the assistance from these specialized units often take longer than typical calls for service. In effect, when these stations respond to these longer specialized calls, they are out-of-service, and are not available to respond to other calls. Calls within the service area of the specialized units are then responded to by the next nearest available fire station, which results in an increase in response times. Dedicating staffing for specialized calls for service would effectively add additional crews to these stations, so that when the specialized unit is out-of-service, a second crew is available to respond to calls.

Due to the volume of HazMat and Bomb Squad calls for service, the elimination of cross-staffing at Station 44 and Station 1 are priorities of the Fire-Rescue Department. The elimination of cross-staffing at Station 41 is not a top priority of the department at this time given that the volume of US&R calls is less than that for the other specialized units. Eliminating cross-staffing would cost \$1.9 million for each station, which would support the addition of 12.00 FTEs: 3.00 Fire Captains, 3.00 Fire Engineers, and 6.00 Firefighters. Adding additional personnel will allow staffing to be dedicated to specialized calls for service. The Fire-Rescue Department has communicated that one 30 member academy in FY 2014 (which is currently incorporated within the FY 2014 Budget) will be sufficient to support the additional staffing, with the need for a second academy in FY 2015.

B4) Increase frequency of park fertilization - As part of the General Fund reductions for the Park and Recreation Department during the FY 2011 Proposed Budget, the Park Turf Fertilization Program was one of many programs that was eliminated to provide approximately \$3.8 million in departmental cost savings.

Due to the heavy usage of the parks citywide, this program is a priority for the department to help maintain the quality of the turf within the parks. Restoration of this program will provide for fertilization at all the city parks, including the passive and athletic areas, three times a year for an estimated cost of \$450,000 annually in non-personnel costs. The Park and Recreation Department anticipates reducing the number of aerifications for the parks from six times annually to three times annually and adding three applications of the fertilizer annually.

B5) Citywide Urban Forestry Program and Coordinator - Trees are a beloved and critical piece of urban infrastructure and provide valuable environmental, economic, and social functions for the City. Several City departments and public organizations are involved in tree-related services. Transportation & Storm Water (TSW) provides maintenance and care for trees in the public right of way, and Park & Recreation provides tree maintenance in parks, open spaces, etc. Development Service's (DSD) Planning Division conducts community plan updates, which include planning for parks, creation of street tree master plans, and identifying opportunities for green streets. DSD is also currently managing three grants related to urban forestry and greening. The Community Forest Advisory Board (CFAB) provides advice and recommendations to the Mayor and City Council on policy issues relating to urban forestry. In addition, organizations such as the Urban Corps partner with the City for tree planting. Several Councilmembers mentioned this area of need as a top funding priority for FY 2014.

The City's Urban Forestry Program for maintenance and planting of trees in the public right of way was eliminated in FY 2010 as part of budget balancing measures. Although City crews continued to respond to urgent tree maintenance requests, scheduled trimming was significantly reduced in FY 2011 and then eliminated in FY 2012. Restoration of tree maintenance has been a budget priority for Council due to the potential public safety hazard of untrimmed trees in the public right of way. In FY 2013, Council appropriated \$257,000 for tree trimming in addition to the \$300,000 in Street Division's budget for tree maintenance services. The FY 2014 Proposed Budget for TSW includes \$800,000 for tree services and the May Revise included an additional \$100,000 of unspent funds which is being rolled forward from the FY 2013 tree services contract. Note that an inventory of trees in the right of way will be conducted as part of the FY 2014 tree services contract to update the most recent inventory (conducted in 2002).

The \$900,000 provided for tree maintenance is commendable; however, the May Revise does not include funds for a Citywide Urban Forestry Program and Coordinator to identify strategies and policies for proactively managing the City's trees, coordinating Citywide tree services, and serving as a liaison to CFAB. The Urban Forestry Coordinator position would require about \$150,000 in personnel and related non-personnel expenses. An additional \$100,000 could be used to begin to outline the Citywide Urban Forestry Program and supplement existing grant funds for developing an Urban Forest Management Plan and creating Urban Greening Plans for North Bay and City Heights. DSD/Planning would be well-suited to house such a program since its focus is policy, planning, and coordinating among City departments, and DSD currently manages the existing urban forestry and greening grants. We recommend initial funding of \$250,000 if Council desires to start this program in FY 2014.

B6) Restore City Attorney budget to FY 2013 funding level - The FY 2014 Proposed Budget included a reduction of approximately \$1.43 million for 13.00 FTE positions. At the department's budget hearing on May 8, 2013, the City Attorney mentioned that, had the administration consulted with him, he could have suggested other ideas for shifting departmental costs away from the General Fund. As an example, he discussed the possibility of using \$925,000 of existing Proposition 64 and Consumer & Environmental Protection Unit (CEPU) funds to cover the costs of the Consumer & Environmental Protection Section (CEPS) of his department in FY 14. Annual CEPS costs of approximately \$965,000 are currently budgeted in the General Fund.

The May Revision to the FY 2014 Proposed Budget took the City Attorney's suggestion by budgeting \$925,000 in revenue from the Prop. 64/CEPU funds and also increasing personnel

Attachment E

expense by \$925,000 thereby reducing the proposed reduction from \$1.43 million to approximately \$508,000.

Prop. 64 revenue had been included in the budget prior to FY 2013. In developing the FY 2013 Budget, the City Attorney requested that this revenue no longer be budgeted given their expectation that “Prop. 64 funds would be completely depleted during FY 2012”; however, approximately \$833,000 of additional Prop. 64 monies were received in FY 2012 and the Prop. 64 fund had a balance of \$637,000 at the end of FY 2012. As a matter of practice, the department continues to reimburse most of annual CEPS expense from Prop. 64 funds and the annual expense for CEPS continues to be budgeted in the General Fund. The practice of reimbursing General Fund expenditures with Prop. 64 funds results in the receipt of additional and unbudgeted departmental revenue. By budgeting existing Prop. 64/CEPU fund balance revenue in FY 2014, the proposal in the May Revise effectively reflects the department’s current practice of reimbursing CEPS expense from Prop. 64/CEPU funds.

Important considerations related to the proposed change in the May Revise:

- The change in the May Revise means the City Attorney would still need to identify approximately \$508,000 of budget reductions. In a memorandum to the City Council dated May 29, 2013, the City Attorney indicates that if required to make budget reductions he will be forced to eliminate non-charter mandated positions, most likely within the CEPS and/or the Neighborhood Prosecution Unit (NPU). If the City Attorney elects to meet the \$508,000 budget reduction target by eliminating positions from the CEPS, the amount and receipt of Prop. 64 funds going forward is potentially jeopardized.
- The City’s Prop. 64 fund receives all civil penalties awarded in consumer protection law enforcement court actions brought in the name of The People of the State of California (not the City of San Diego) under California’s Unfair Competition Law. The City initiates or joins other jurisdictions in the State in bringing these cases forward. Proposition 64 limits the use of these penalties to fund consumer protection enforcement. It is therefore appropriate to use these funds to reimburse the City for CEPS expense.
- The amount of Prop. 64 revenue the City receives varies annually. It is difficult to accurately budget for this revenue, as the amount of Prop. 64 penalty funds is determined by unique cases and pending court actions. In the last four fiscal years, the amount of Prop. 64 penalty funds received by the City has ranged from \$307,000 to \$833,000. Given the amount of Prop. 64 funds received in recent years and the annual uncertainty associated with their receipt, these funds should not be relied upon to entirely cover the total ongoing expense of the CEPS beyond FY 2014.

May Revise Proposal: If the proposal to budget an additional \$925,000 of revenue and personnel expense is approved, the City Attorney will still need to identify \$508,000 of budget reductions. It is expected that the combined balance of Prop. 64 and CEPU funds will be at least \$925,000 to begin FY 2014, so the receipt of this revenue is certain provided the City Attorney does not reduce his CEPS staff in FY 2014 to achieve the \$508,000 budget reduction (as noted above, Prop. 64 funds can only be used to reimburse the CEPS work unit). It is important to note that Prop. 64/CEPU funds are uncertain beyond FY 2014. While it is likely that some Prop. 64 funds will be received in FY 2014, new ongoing funding will have to be identified in the next fiscal year to avoid a City Attorney budget reduction of up to \$925,000 in FY 2015.

Restoring the City Attorney's Budget to its FY 2013 Level: As noted above, the City Attorney expects to have a \$925,000 fund balance to begin FY 2014. These funds can appropriately be used to reimburse the cost of CEPS. In order to restore the City Attorney's budget to the FY 2013 level in FY 2014, an additional \$508,000 of one-time revenue will need to be identified in FY 2014. If the Council wishes to permanently restore the City's Attorney's budget to the FY 2013 level, the IBA recommends the City Attorney be required to conservatively budget the amount of Prop. 64 funds they expect to receive each fiscal year (i.e., \$500,000). Additionally, new ongoing funding will need to be identified for the remainder of the \$1.43 million reduction proposed for FY 2014 (\$930,000). If a full restoral is desired, the IBA recommends the City Attorney be asked if he has other ideas for shifting departmental costs away from the General Fund (i.e., pursuing full reimbursement for services provided to other non-General Funded entities).

Attachment E

MOST FREQUENTLY MENTIONED RESOURCE OPTIONS IN COUNCIL MEMOS	
A. Option Mentioned by 4 Councilmembers	
I. Release portion of \$6.9 million set aside for CAD future costs to support more immediate one-time needs, preserve \$1.5 million for initial lease purchase payments	Up to \$4.4 million (OT)
B. Options Mentioned by 3 Councilmembers	
I. Eliminate or reduce Civic & Urban Initiatives Program or set aside funding in Appropriated Reserve until program is more defined for the City Council	Up to \$1.0 million (OG)
2. Free up funding for portable pools in May Revise; already included in Proposed Budget	\$44,000 (OG)

Following are brief discussion of the items outlined in the chart:

A1) Release a portion of \$6.9 million set aside for CAD system– Free up a portion of the \$6.9 million set aside in the CIP for the new CAD system for more immediate one-time needs. Replacement funds for CAD would need to be identified in accordance with the project development timeline, through a commitment of cash funding or lease-purchase financing. Some Councilmember memos also suggested leaving sufficient funds in the CIP for the CAD system to make initial lease-purchase payments.

B1) Eliminate Civic & Urban Initiatives Program – Council memos suggested eliminating this funding entirely, reducing it by half placing or funding in the appropriated reserve until a more defined program has been developed and discussed with the City Council.

B2) Free up funding for portable pools – Our office has confirmed this funding has been included in the FY 2014 budget and additional funding is not required.

OPTIONS PROPOSED BY THE IBA	
1. Eliminate funding for 4 new Police civilian positions until more headway is made in filling current 49 vacancies and barriers to filling vacancies are studied by multi-departmental task force; possibly include outside expertise from other Police agency	\$346,000 (OG)
2. Eliminate 1 new Multi-Media Coordinator for City TV support	\$90,000 (OG)
3. Eliminate new position for Mayoral Director for Open Government, use existing position as previously done	\$170,000 (OG)
4. Eliminate Taxicab in-house study	\$100,000 (OT)
5. Eliminate EMS funding for EMS in-house study	\$100,000 (OT)
6. Eliminate Seal Cam funding	\$50,000 (OG)
7. Eliminate 1 vacant position in ACOO's Office or transfer to meet other needs	\$100,000 (OG)
8. Set aside small business assistance funding of \$185,000 in Appropriated Reserve until conflicts with Council policy have been resolved	\$0

Following are brief discussion of the items outlined in the chart:

C1) Eliminate funding for 4 new Police civilian positions - The May Revise includes an addition of \$346,039 in personnel expenditures to support 4.0 FTE Police civilian positions: 2.00 Dispatcher 2s, 1.00 Criminalist 2 and 1.00 Police Investigative Service Officer 2. These positions are intended to address critical areas of need within the department resulting from cuts to civilian positions over the past few fiscal years.

Civilian vacancies remain at a high level in the department, with attrition continuing at the same pace as progress in filling vacated positions. A number of challenges exist with keeping civilian positions filled including retirements, resignations, transfers to other City Departments, mandatory furloughs, and recruitment process issues. At the beginning of FY 2013, the Police Department had 52.75 vacancies. As of May 27, 2013, the vacancy levels remain relatively unchanged at 49 civilian vacancies. The IBA recommends that more headway is made in filling current departmental vacancies in FY 2014 as a first step in addressing the department's civilian staffing needs before new positions are added. We also recommend that a multi-department task force be created to identify barriers and implement solutions prior to additional funding being allocated.

C2) Eliminate 1 new Multi-Media Coordinator – A new Multi-Media Coordinator position has been funded in the FY 2014 Proposed budget to support increased City TV activities. This will bring the number of Multi-Media Coordinators to 3.00 FTEs. Historically, the two Multi-Media Coordinators and one Program Manager have shared the City TV workload, and any additional hours needed for the Multi-Media Coordinators were funded through their overtime budget.

C3) Eliminate new position for Mayoral Director of Open Government – Two positions in the Mayor's Office were dedicated to this function from January – May 2013. It is unclear why a new position is now needed for this activity.

Attachment E

C4) Eliminate funding for taxicab in-house study – Eliminate funding for taxicab in-house study or set aside funding in the appropriated reserve. Given other priority needs of the City this may not be a top Council priority for FY 2014. The City has made great strides in recent years in reducing its overall costs and focusing the City budget on core services.

C5) Eliminate funding for EMS in-house study – Eliminate \$100,000 in funding for an EMS in-house study or set aside funding in the appropriated reserve until it is clear how this funding will be utilized. An item that is scheduled for Council action in mid-June recommends a one-year extension of the City's current EMS contract with Rural/Metro, with an additional one-year option to June 20, 2015, if needed. This extension will allow time for the City to undergo a new RFP process and conduct a study to evaluate the possibility of providing the service in-house. If eliminated, these funds will return to the EMS fund.

C6) Eliminate Seal Cam funding – Efforts to identify donations for this purpose should continue to be pursued rather than using the City's General Fund.

C7) Eliminate or transfer 1 vacant position in ACOO's Office – Three vacant positions, once dedicated to managed competition, currently remain in the Office of the ACOO, however, no managed competition work is currently underway. Council suggestions for one of these vacancies include elimination, transfer to Council Administration to meet other needs, or utilize for the Mayor's new efficiencies/innovations program.

C8) Economic Development – SBEP Funding - The FY 2014 Proposed Budget cut \$185,000 of Small Business Enhancement Program (SBEP) funding for the BID Council. Citing SBEP fund apportionment requirements in Council Policy 900-15, the IBA raised the question of how these funds would be redeployed. The May Revision to the FY 2014 Proposed Budget indicates the \$185,000 will be used to provide additional funding for small business enhancement grants, micro district grants and technical assistance.

The IBA believes the proposed change as described generally complies with Council Policy 900-15 in that the entire SBEP appropriation will continue to be dedicated to small business programs; however, the specific apportionment language in section 1 of Council Policy will need to be amended to reflect this change. Two Councilmembers have suggested the \$185,000 be placed in the Appropriated Reserve until the appropriate Council Committee can revisit the policy. This approach could be employed or, alternatively, the Council could opt to budget the \$185,000 as proposed and simply bring the Council Policy to the appropriate Committee for amendment.

If the \$185,000 is budgeted as proposed, the department has informed the IBA that the increased level of grants and technical assistance will be administered by Economic Development staff. A BID Advocate position will be created using an existing vacant Program Manager position to assume these new responsibilities.

OTHER ISSUES FOR COUNCIL DISCUSSION

Storm Water Positions for Catch Basin Inspection and Cleaning

The Mayor's May Revise includes an addition of 13.00 FTEs to the Storm Water Division to perform catch basin inspection and cleaning services. Related expenditures include ongoing personnel funding of \$927,109 and \$16,500 for supplies/support and one-time funding of \$290,000 for vehicle purchases. These costs are offset by the reduction in contract expenditures of \$722,000. These services have historically been performed through a contract with Ron's Maintenance which expired May 1, 2013. The net increase for FY 2014 to bring this function in-house is estimated at \$511,209. For future fiscal years the net increase to provide this service in-house will be approximately \$222,000, since the \$290,000 for purchasing vehicles will be a one-time expenditure during FY 2014. As discussed in the May Revise and at the Budget Review Committee meeting on May 22, 2013, bringing this function in-house allows for compliance with City Charter 117(c) requirements and MMBA obligations regarding performance of City services. The Storm Water Division has also expressed that having City workers perform this function could allow for more flexibility with their work which is necessary due to the importance of complying with storm water regulations.

Full year funding for one Public Works Supervisor, six Utility Worker II's and six Utility Worker I's has been included in the May Revise. This staffing level was determined by the Storm Water Division based on the anticipated number of crew hours required to inspect approximately 23,000 drains and to clean about half of them. The hiring process is anticipated to take approximately three months as the department has already initiated the classification process and has begun working with the Personnel Department. However, if timely hiring of staff does not occur, compliance issues may arise as this work is required to be completed by the end of the fiscal year, as mandated by the Municipal Storm Water Permit.

As discussed in IBA Report #13-19, the Storm Water Division expects to make future position and other funding requests in order to comply with increasingly stringent requirements set forth by the new Municipal Storm Water Permit adopted May 8, 2013. The addition of these 13 positions does not mitigate the Storm Water Division's expected position requests for FY 2015.

525 Lease Savings Projections

As presented in the May Revise, the relocation of City employees from 600 B Street to 525 B Street is anticipated to reduce the City's annual office lease payment for these employees from approximately \$4.3 million to \$1.4 million, generating approximately \$2.9 million in budgetary savings of which approximately \$1.6 million will be allocated to the General Fund and \$1.3 million to several Public Utility enterprise funds. The projected savings is from the annual base rent portion of the proposed lease agreement.

In consideration of the actual savings, there are several additional potential costs such as construction/improvement costs for the new location, relocation or moving costs, and additional/new furniture costs that should be considered. Some or all of these costs may be funded through the tenant improvement allowance (funding for various items including design and construction work) provided by the property owner. However, until detailed floor and work space plans as well as construction drawings are developed, the projected savings from the base rent portion of the lease agreement are uncertain. The proposed new lease agreement related to the 525 B Street office space is scheduled to be discussed at an upcoming Council meeting.

Attachment E

Homeless Shelter Funding – Veterans’ Winter and Homeless Emergency Shelter

The Mayor’s May Revise includes \$600,000 in funding to extend the operations of the Veterans Emergency Winter Shelter by 7 months, for year-round operations. This funding is in addition to \$315,000 in CDBG and Emergency Solutions Grant (ESG) monies and \$40,000 from the San Diego Housing Commission to support four months of operation for the facility, bring the total budget to \$955,000.

At this time, many questions remain including what additional funding is necessary to support the extended operations of the facility, the permits required to allow for year-round emergency operations, and CEQA requirements. The Mayor’s Office has created a task force consisting of representatives from the San Diego Housing Commission, Streets Division and Development Services, Real Estate Assets, Fire-Rescue, Public Works, Public Utilities, and the Disability Services Departments to evaluate options for the operations of the Veterans Shelter, as well as the proposed year-round operations of the Single Adult Emergency Winter Shelter in FY 2014. In regard to the Veterans Shelter facility location, Veterans Village of San Diego has been granted year-round access to its current site on federal property. The location of the Single Adult Shelter has not been determined at this time.

It has been communicated to our office that the funding necessary to support both the Veterans Winter Shelter and the Single Adult Winter Shelter will likely be substantially higher than the amounts included in the FY 2014 Proposed Budget and the May Revise. The budgeted amounts for the shelters do not include the costs associated with utilities, maintenance, administrative and other costs associated with year-round operations. The additional costs are up to approximately \$212,000 for the Single Adult Winter Shelter, which is currently budgeted at \$1.3 million, and up to \$537,000 for the Veterans Shelter.

Economic Development – SBEP Funding

The FY 2014 Proposed Budget cut \$185,000 of Small Business Enhancement Program (SBEP) funding for the BID Council. Citing SBEP fund apportionment requirements in Council Policy 900-15, the IBA raised the question of how these funds would be redeployed. The May Revision to the FY 2014 Proposed Budget indicates the \$185,000 will be used to provide additional funding for small business enhancement grants, micro district grants and technical assistance.

The IBA believes the proposed change as described generally complies with Council Policy 900-15 in that the entire SBEP appropriation will continue to be dedicated to small business programs; however, the specific apportionment language in section 1 of Council Policy will need to be amended to reflect this change. Two Councilmembers have suggested the \$185,000 be placed in the Appropriated Reserve until the appropriate Council Committee can revisit the policy. This approach could be employed or, alternatively, the Council could opt to budget the \$185,000 as proposed and simply bring the Council Policy to the appropriate Committee for amendment.

If the \$185,000 is budgeted as proposed, the department has informed the IBA that the increased level of grants and technical assistance will be administered by Economic Development staff. A BID Advocate position will be created using an existing vacant Program Manager position to assume these new responsibilities.



**CITY OF SAN DIEGO
COUNCIL PRESIDENT PRO TEM SHERRI S. LIGHTNER
DISTRICT ONE**

MEMORANDUM

DATE: May 31, 2013

TO: Andrea Tevlin, Independent Budget Analyst

FROM: Councilmember Sherri S. Lightner 

SUBJECT: Fiscal Year 2014 Proposed Budget Priorities

Many of my budget priorities were included in the May Revise, including additional funding for police civilian positions, a lifeguard academy, additional lifeguard staffing, city facilities and park assets assessments and additional funding for tree trimming.

The following are my priorities for additional funding in the FY 2014 Budget:

Public Safety:

- Funding to develop a plan to address police officer retention, staffing and facilities
- Elimination of cross-staffing for Fire-Rescue Units, including the Hazmat Unit (\$1.9 million), Bomb Unit (\$1.9 million) and Urban Search and Rescue Unit (\$1.9 million)
- Re-assigning the \$442,897 already set aside in the budget for 12 seasonal lifeguards to go toward the funding of 4 full-time lifeguards in the Boating Safety Unit
- Funding for a Ranger at Shoreline Parks, especially La Jolla Shores/Kellogg Park (\$138,357)

Park and Recreation:

- Funding for the ongoing La Jolla Cove clean-up effort (approximately \$100,000)
- Funding to keep city pools open year-round and to expand the portable pool program
- Funding for twice yearly fertilization of park areas (\$450,000)
- Funding for facilities maintenance, including additional restroom cleanings (approximately \$41,000 citywide)

Neighborhood Code Compliance:

- Funding for a pro-active code enforcement program in the Neighborhood Code Compliance Department focused on cleaning up neglected properties

Attachment F

Page 2

Tevlin

May 31, 2013

Streets and Infrastructure:

- Funding for drainage repairs at the La Jolla Community Center (\$16,600)
- Funding for an Urban Forester (\$150,000) and funding for a neighborhood tree planting program (\$100,000) to enhance neighborhoods with few street trees or shade, along with increased funding for additional tree trimming

Public Utilities Department:

- Funding of a greywater incentive/rebate program as part of the Public Utility Department's public outreach efforts. The Environmental Growth Fund is a possible revenue source for this effort.

The following are my priorities for mid-year funding if additional revenues are identified:

- Restoration of park and recreation center and library hours
- Full funding for the Penny for the Arts Program

Additional revenue options:

- Citywide implementation of an expanded alternative or flexible work schedule, such as the 4/10 schedule already being used in the Environmental Services Department at a savings of \$6 million.
- Full implementation of the City's Street Preservation Ordinance to allow for 100% cost recovery from utility companies for their excavations of city streets at an estimated net revenue of \$4 million/year.
- Full cost recovery from UC San Diego for San Diego Fire-Rescue responses to false fire alarms on campus

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

SL/ed



**COUNCILMEMBER KEVIN L. FAULCONER
CITY OF SAN DIEGO
SECOND DISTRICT**

M E M O R A N D U M

DATE: May 31, 2013

TO: Andrea Tevlin, Independent Budget Analyst

FROM: Councilmember Kevin L. Faulconer 

SUBJECT: Fiscal Year 2014 Budget Priorities

Mayor Filner's proposed budget increases spending by over \$30 million without restoring critical neighborhood services or eliminating bureaucratic waste. The proposed budget underinvests in infrastructure repairs, continues to delay managed competition, relies heavily on one-time resources for ongoing expenditures, and endangers vital neighborhood programs such as the Neighborhood Prosecution Unit in the City Attorney's Office. I have significant concerns with a short-sighted budget that indefinitely postpones efforts to eliminate government waste, continues to ignore the gravity of the City's \$898 million infrastructure backlog, and increases the size of City bureaucracy by dozens of full-time positions without investing in our libraries, parks, and other core neighborhood services.

My budget priorities continue to reflect the greatest needs of this City: investment in infrastructure, public safety, and important neighborhood services including parks and recreation and library services. I will continue to advocate for full restoration of community services and infrastructure investment that taxpayers deserve and expect from their City government.

Eliminating Waste through Managed Competition

Managed competition was overwhelming approved by voters in 2006 and is a proven method for identifying departmental efficiencies that save taxpayers millions of dollars that can be reinvested into public safety and other services. The proposed budget has no plans for moving forward on pending managed competitions that are ready to be executed. The four completed managed competitions have saved taxpayers \$12.2 million achieving an average departmental savings of 18.6%. There are five managed competitions currently being delayed: Solid Waste Operations, Capital Improvement Program Delivery Program, Transportation Engineering

Attachment F

Andrea Tevlin, Independent Budget Analyst
May 31, 2013
Page 2

Operations, Public Utilities Customer Care Center, and Storm Water Operations. These operations could save the City millions of dollars. Solid Waste has an annual operating budget of approximately \$30 million. Using the average managed competition savings, the taxpayers could save \$5.58 million annually on that competition alone. This important money-saving tool must not be ignored any longer.

Accountable Budget Practices

The utilization of one-time resources for ongoing expenditures is financially irresponsible and is contrary to the Guiding Principles for Structural Elimination Plan, which was approved by Council on February 22, 2010. This year's budget is largely balanced by removing \$12.9 million from the Public Liability Reserve Fund. This is concerning since sufficient funds are not available for use in the subsequent fiscal year. A financial plan that relies on future projected growth to solve a deficit is not fiscally sound.

According to the IBA Report Number 12-37, the Government Finance Officers Association's (GFOA) best practice recommends two months of City expenditures or approximately 16.7% of General Fund appropriations. To ensure that the City's bond rating remains stable and the City is appropriately prepared for future economic uncertainty, I support reexamining the reserve policy to be more aligned with best practices. An adjustment in this policy would mitigate future risk of service reductions during economic downturns.

Putting Neighborhoods First

I am proud to have fought to keep libraries and recreation centers open in the face of severe budget deficits. In the Mayor's budget there are significant budgetary increases from Fiscal Year 2013, but these increases do nothing to restore key neighborhood restorations such as increased library hours, parks and recreation services and, in fact, puts at risk vital neighborhood programs such as the Neighborhood Prosecution Unit in the City Attorney's Office. I will continue to put neighborhoods first and focus on these top priorities.

- **Libraries**

Branch library hours are currently at 44 hours per week, 4 hours less than the average 48 hours per week in 2001. The Mayor's budget increases expenditures significantly without any restorations to branch libraries. Branch libraries contribute significantly to the community fabric of our local neighborhoods by providing space for civic engagements, engaging local youth in educational activities, and providing technological resources and job development training for San Diegans looking for employment. I will continue to be an advocate for these vital community assets.

Andrea Tevlin, Independent Budget Analyst
May 31, 2013
Page 3

- **Parks and Recreation**

As a former member of the Mission Bay Park Committee and the Parks and Recreation Board, I have always been an advocate for protecting open space and City parks. The Mayor's budget, even with significant spending increases, underinvests in City parks and instead creates new programs that direct funding to lower priority needs. The park system has significant needs that require funding: the restoration of fertilization services; tree trimming services throughout the City parks system that have been neglected; significant deferred capital maintenance needs, and restoration of hours at local recreation centers. This budget clearly under prioritizes the needs that are most important to San Diegans.

I support the immediate reopening the Mission Trails Regional Park's Kumeyaay Lake Campground. As the only public campground in the City of San Diego, the Kumeyaay Lake Campground is a regional destination that provides a unique recreational experience.

- **Neighborhood Prosecution Unit**

The Neighborhood Prosecution has been tremendously effective in the beach communities by helping the police department effectively address quality of life crimes. This program is also an important tool in addressing homelessness. Neighborhood prosecutors frequently help individuals connect with rehabilitative services and also work collaboratively with community members to create innovative strategies to help reduce crime. In Pacific Beach, the Neighborhood Prosecution Unit runs an extremely effective program called Beach Community Court where individuals who commit misdemeanors or quality of life crimes can perform community service and pay a fine instead of attending court. This program has allowed the police department to increase enforcement of quality of life crimes without overburdening the court system or the police department. To ensure the continued success of this program, I recommend full restoration of the City Attorney's budget since this is a service not mandated by the City Charter.

Reinvestment in Public Safety

Retention and recruitment challenges faced by the San Diego Police Department highlights the need for increased investment in the City's policing function. After years of service reductions in the department, it is important to prioritize opportunities discussed in the department's five-year plan to enhance operations and officer retention.

The City Council recently appropriated \$6 million for a computer aided dispatch System (CAD) to replace an increasingly obsolete communications system. I agree that this is an important need for the police department and fully support replacing the system to ensure public

Attachment F

Andrea Tevlin, Independent Budget Analyst
May 31, 2013
Page 4

safety. The Independent Budget Analyst's recommendation of lease purchasing the Computer Aided Dispatch instead of cash funding the purchase will provide better cash management that will allow funds not immediately being utilized for the implementation of CAD to be set aside to address recruitment and retention issues in the department. I strongly recommend a minimum of \$2 million be set aside to address recruitment and retention.

Investing in Street Repairs and Infrastructure

San Diegans are tired of broken and cracked streets. The \$898 million deferred capital maintenance backlog must be a top priority. San Diego neighborhoods are depending on the funds that were planned to be raised through the Deferred Capital Maintenance Bond #3, which has been eliminated from the 5-Year Financial Outlook. I have been a vocal advocate for moving forward with the planned funding in this fiscal year. The administration continues to incorrectly assert that staff does not currently have enough capacity to proceed as planned. I urge this Council to make infrastructure and road repair its top priority. It is time to stop further delays and underinvestment in this critical City service.

A sidewalk assessment is necessary to understanding the significant backlog of repairs needed throughout the City. It is imperative that sidewalks are maintained properly to ensure public safety. I support the appropriation of \$1 million for a sidewalk assessment so we can begin to address this critical issue.

I look forward to working with your office and my colleagues to achieve these goals and continue to keep our City on stable financial ground.

KLF:kj



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

M E M O R A N D U M

DATE: May 31, 2013
TO: Andrea Tevlin, Independent Budget Analyst
FROM: Council President Todd Gloria, Third Council District *Todd Gloria*
SUBJECT: Fiscal Year 2014 Budget Priorities and Issues for Consideration

In December 2012, when I began my second term, I recommitted to the principles that have brought about positive changes to our City and laid out my vision for the next four years:

FISCAL DISCIPLINE, PUBLIC SAFETY & NEIGHBORHOOD SERVICES: Maintain the fiscal discipline and continue the reforms that have allowed us to restore branch library hours, hire more police officers and end the fire engine brownouts.

INVEST IN INFRASTRUCTURE & ECONOMIC DEVELOPMENT: Continue to press for the aggressive repair of our streets, sidewalks and public facilities.

END HOMELESSNESS: Support the collaboration between the government, private and nonprofit sectors that has brought renewed attention to this pressing problem.

CELEBRATE BALBOA PARK: Prepare for an international event that draws the eyes of the world to San Diego and showcases the innovations that make us great. The centennial celebration will serve as a launching pad for the Balboa Park Conservancy and recommit this generation to ensuring the park's magnificence for the enjoyment of future generations.

As Council President and chairman of the Budget and Finance Committee, I am proud to offer the following priorities and reforms. My recommendations have been developed with the above principles in mind, prioritizing critical services and restoring, rather than cutting, neighborhood services.

PUBLIC SAFETY & NEIGHBORHOOD SERVICES

- Police Department Civilian Positions: Despite what recent crime index data may show, residents in our core urban communities are increasingly alarmed by the number of robberies, assaults and other violent crimes in their neighborhoods. A few key preventative steps will help address these concerns, such as prioritizing and expediting hiring of

Attachment F

Page 2

Andrea Tevlin, Independent Budget Analyst
FY14 Budget Priorities and Issues for Consideration
May 31, 2013

budgeted civilian positions that currently stand vacant. Consistent with the Council-approved Five-Year Plan, the restoration of civilian staff (dispatchers, property and records management staff, analysts, word processing clerks, etc.) can alleviate the duties of existing officers and allow them to again cover responsibilities that can only be performed by sworn officials.

- Police Recruitment: Increasing the capacity of the Police Department's Academies to 40 recruits per academy will allow the City to obtain the Department's Five-Year Plan goal by 2018. I recommend funding additional capacity for each of the planned academies (additional \$191,000 per recruit).
- Police Retention: The attrition of sworn officers currently averages 9.0 FTE per month. For FY14, it is assumed that the department will experience attrition of 8.0 officers per month. Adequate resources must be budgeted and additional measures should be sought to retain officers and keep the department competitive.
- Fire-Rescue Staffing: The proposed Fire-Rescue budget includes some projections that the IBA found questionable, which I agree should be addressed. For increased budget transparency, I believe additional resources of \$2.5 million should be budgeted for personnel within the department. Though it has been consistently stated that a single fire academy will be sufficient in FY14, I remain concerned that attrition levels may be greater than currently anticipated, and I would like the \$700,000 of the EMS Transport Program Fund balance included in the Appropriated Reserve to be used to help fund a second fire academy, if needed. Should the academy truly not be necessary, the funds could be used to fill any gaps in overtime funding.
- Improve Fire-Rescue Response Times and Service Levels: To further strengthen public safety and continue our ongoing efforts to improve response times as suggested in the Citygate report, I am interested in ending the cross staffing of one HAZMAT crew and the bomb squad. I understand that the cost of adding two four person crews is estimated to be \$3.8 million (\$1.9 million each). Currently, a HAZMAT team operating out of Station 44 is cross staffed with a fire truck, meaning that fire truck is taken out of service whenever the crew needs to respond to a HAZMAT call. Similarly, the bomb squad is cross staffed out of the very busy Station 1 in my district. By having both a dedicated HAZMAT team and bomb squad, the San Diego community will be better served. HAZMAT and bomb calls are known to take far longer than average medical aid and fire calls, so adding traditional crews to these stations will result in better availability and better response times in the surrounding neighborhoods. Secondly, ending the cross staffing of Rescue 41 should be considered should sufficient ongoing resources be identified to reduce the City's reliance on other jurisdictions and creating scheduling and training conflicts for the Department. Ending the cross staffing of Rescue 41 is estimated to cost \$1.9 million annually.
- Serial Inebriate Program (SIP): I recommend that the City identify \$25,000 to support the SIP. This funding will allow for the restoration of service levels that have been reduced over time. The SIP was started in 2000 by the City and County of San Diego, inspired by the San Diego Police Department and the City's Medical Director for Emergency Medical Services. The program is a San Diego City/County collaborative problem solving effort and a national model.

- Restoration of Library Hours: In light of a budget proposal which initially included over \$15 million in new spending, it is critical that the Council prioritize the restoration of services that have been reduced over the years due to financial constraints. Restoring and improving neighborhood services already offered by the City and expected by our residents should take precedence. I recommend that funding to increase branch library hours from 44 to 48 hours per week and Central library hours from 49 to 52 hours per week be added to the budget. This comes at a cost of \$2.8 million and \$250,000 respectively.
- Sustain Services Provided by the Office of the City Attorney: I recommend that \$500,000 be restored to the City Attorney's budget. In order to deliver a budget to our citizens that is responsive and has no service level impacts, additional funding must be identified to avoid reductions to the Neighborhood Prosecution and Consumer and Environmental Protection Units. Additionally, I believe the expertise provided by the City Attorney's Office ensures legally sound legislation and offers a stable foundation for efficient, transparent and good government.
- Programming for Teens: The FY14 May Revision identifies \$44,000 for the Park and Recreation's Portable Pools Program. It is my understanding that this Pool Program is already funded with non-General Fund resources. I would recommend that the funding be reallocated toward sustaining and potentially expanding the City's Teen Nights Program or returned to Fund Balance.
- Restore Mission Trails Campground Services: I recommend that \$250,000 be indentified to reopen the Mission Trails Campground during the summer months. It is critical that the Council prioritize the restoration of services that have been reduced over the years due to financial constraints.

INVEST IN INFRASTRUCTURE & ECONOMIC DEVELOPMENT

- Sidewalk Conditions Assessment: Smooth roads, safe sidewalks and reliable sewer and water pipelines are critical public safety issues. I am pleased that the Mayor has made asset management and condition assessments a priority in the coming year. In an effort to complete the task of understanding the City's true infrastructure needs, I recommend that \$1 million be placed in the Appropriated Reserve for an assessment of the condition of our current sidewalks and create an inventory of where sidewalks are needed. The City Council will soon have a policy discussion to address liability and our current sidewalk programs. I offer my continued support for a Citywide Asset Management Program and a multi-year Capital Improvements Program. These efforts will assist in prioritizing projects that address the true needs of our neighborhoods. Most importantly, the data will assist in the development of future budgets and investments and will address community parity and equity issues.
- Support Small Businesses: I recommend that that \$185,000 in Small Business Enhancement Program (SBEP) funds identified in the May Revision be placed in the Appropriated Reserve. I ask that the appropriate City Council Committee revisit and improve the Council Policy 900-15 to best support small business operations.
- Civic and Urban Initiatives: I support the Mayor's desire for innovation and new urban initiatives for San Diego. I request that a list of neighborhood programs, improvements and benefits, along with a timeline for implementation be provided to the City Council.

Attachment F

Page 4

Andrea Tevlin, Independent Budget Analyst
FY14 Budget Priorities and Issues for Consideration
May 31, 2013

Until then, I support placing the funding for this Initiative in the City's Appropriated Reserve.

- Funding for Southeastern San Diego (Village at Market Creek to Imperial Crest) Specific Plan and EIR: The ability to attract investment is contingent upon current and effective community plans and environmental review. I encourage the Mayor and Council to collaborate with Civic San Diego and neighborhood organizations to develop a Specific Plan and EIR for an area of Southeastern San Diego that is longing for economic investment. This effort will continue the efforts of the former Redevelopment Agency. Civic San Diego has estimated that \$1.2 million is required to complete this work.
- Support and Expand the Role of Civic San Diego: Civic San Diego was established to assist in the winding down of activities and oversee the liabilities of the former Redevelopment Agency. It was also envisioned that the City would support Civic San Diego and allow it to seek ongoing resources to continue the revitalization of blighted communities, and create more affordable housing, parks and other facilities that have long been envisioned. I respectfully request that the Consulting Agreement between the City and Civic San Diego be brought forward and amended to allow Civic San Diego to utilize its expertise to attract investment and economic development in all former redevelopment areas as well as continue services to Downtown.

Additionally, I have a specific request that Civic San Diego be assigned the responsibility of the existing Downtown Main Library site. Civic San Diego's expertise in Development and Disposition Agreements (DDAs) will assist the City in finding a suitable and welcome reuse. The 30,000 SF site is historically designated therefore, the site's reuse must be studied appropriately. Its operations will be terminating in Fall 2013 upon the opening of the new library in East Village. Downtown residents and business owners have voiced concerns about its closure and potential to become a nuisance with increased homeless encampments and more demand for public safety resources. The site, if neglected, has potential to create further blight in the neighborhood, and depress property values, business sales and tax revenues. A simple sale of the property, without a reuse or redevelopment plan and agreement, will not maximize the property's value to the City and ensure the building does not remain idle or underused for an extended period of time. Civic San Diego has the ability to assess the best alternatives for the building's adaptive reuse and/or the site's disposition for redevelopment purposes, assess potential value of property and proceeds to the City that may result from each alternative, solicit interest in the property and competitively select an optimal user or development partner for the site, manage approval process, conduct all necessary environmental studies and solicit community input for the site's potential reuse or redevelopment. Civic San Diego has the public-private partnership expertise, working knowledge of Downtown land use and design guidelines, historic review procedures and relationships with the various Downtown community groups. An appropriate reuse or redevelopment of the site will place the property back on the property tax rolls and potentially generate other tax revenue to the City.

END HOMELESSNESS

- Homeless Emergency Shelter, Veterans Emergency Shelter, Homeless Storage Check-In Center: I applaud the Mayor's commitment to addressing the needs of our homeless population. I would like to work with the Mayor to develop long-term solutions and sustainable programs and will seek to build upon the relationships between

stakeholders. For FY14, I recommend that the funding for the two Shelter Programs and the Homeless Storage Check-In Center be placed in the Appropriated Reserves until a time that the Mayor provides the following:

- Confirmed locations for the two shelters;
- Identification of an operator for the Homeless Storage Check-In Center;
- Exploration of the consolidation of services;
- Ensured adequate funding for permitting, environmental review, operations, etc. for the proposed programs.

CELEBRATE BALBOA PARK

- Major Events Revolving Fund (MERF): I recommend that the \$150,000 included in the budget proposal in addition to \$350,000 of the “Penny for the Arts” funding be allocated to Balboa Park Celebration, Inc. (BPCI) for the purposes of planning the 2015 centennial celebration.
- Balboa Park Traffic Management Plan: Prior to the expenditure of funds to change Balboa Park traffic circulation, I request that the Council be informed of any impacts to the public. Until then, I would support placing the \$300,000 in the Appropriated Reserve.

FISCAL DISCIPLINE & RESPONSIBLE GOVERNANCE

- City Reserve Policy: The Council and the Mayor should continue to revisit and establish prudent goals for allocations to reserve accounts in order to ensure that emergencies and unanticipated economic circumstances, particularly State and Federal budget impacts, will not pose insurmountable challenges. We must rigorously adhere to these goals to not only provide “rainy day” protection, but also to sustain the City’s favorable credit rating. I would support an increase to the City’s “Clawback Set-Aside” funding (currently \$28 million).
- Compliance with Mandates and Other Best Practices: We must provide sufficient resources for such activities as producing audits, maintaining prudent internal controls on financial transactions and other mandates. I request that funding be identified for an Internal Controls Audit as recommended in the Kroll Report.
- Vacancies: We must provide adequate workforce and staffing levels as necessary to meet our obligations and deliver core City services. The City must aggressively fill vacancies citywide and find efficiencies in the recruitment process to ensure that the workforce is staffed at budgeted levels.
- Purchasing and Contracting: I support the Mayor and Director’s close examination of the Department’s operations. The Department has been scrutinized by City leaders in recent years for its outdated processes, the length and complexity of some contracting processes, and the lack of open communication with the City Council. To supplement the inclusion of two additional employees in the May Revision for the Equal Opportunity Contracting program, I consider it a priority to allow for any other critical needs to be addressed in FY14. I look forward to hearing more about how to strengthen the operations.
- Transparency, Reform and Efficiencies: The Mayor and City Council must continue to strive for increased transparency, efficiency and innovation. One example is to

Attachment F

Page 6

Andrea Tevlin, Independent Budget Analyst
FY14 Budget Priorities and Issues for Consideration
May 31, 2013

implement ongoing improvements to the Capital Improvements Program website and encourage more “e-government” initiatives to make the City’s website more business and user friendly.

I am proud of the focus of the Council to generate real and lasting cost savings for taxpayers. Our most recent collaboration has resulted in tentative agreements with our labor groups that guarantee long-term savings that will allow us to fund some of the restorations proposed and overall improve the services we offer.

Thank you again to you and your staff for the ongoing guidance and recommendations. I look forward to delivering another responsible and responsive budget—one that our citizens expect and deserve.

TG:pi



**CITY OF SAN DIEGO
OFFICE OF COUNCILEMEMBER MYRTLE COLE
FOURTH COUNCIL DISTRICT**

DATE: June 3, 2013
TO: Andrea Tevlin, Independent Budget Analyst
FROM: Councilmember Myrtle Cole *Myrtle Cole*
SUBJECT: Budget Priorities for Fiscal Year 2014 Budget

As the newly elected Councilmember for the 4th Council District, I am pleased to support the Mayor's proposed budget and May Revision. However, I am proposing additional changes and additions to the budget that can help meet the many needs of the city and Council District Four.

My priorities are those of public safety, economic development, infrastructure improvements and maintaining and increasing park and library services.

I am requesting the following projects, programs and services be included and/or remain in the Fiscal Year 2014 Budget:

The Commission on Gang Prevention has spent over 18 months "listening to community advocates and youth regarding the issues of gang violence." I am requesting \$100,000 for an additional (1) full-time unclassified staff member to assist in implementing their strategic action plan which includes pro-actively working in communities to address and significantly reduce gang violence.

The AnyBodyCan Youth Foundation provides after-school educational programs, nutritional programs and sports programs for youth in our lower income communities. They provide valuable services which help prevent gang violence while also helping educate and nurture our children. I am requesting \$100,000 from TOT funds for this outstanding program.

It is my understanding that the Mayor has included \$430,000 in the budget for additional Life Guard Services. I am requesting that the funding go towards (4) seasonal Life Guard staff positions. Millions of people visit our beaches and bays each year. It is essential we have as strong a life guard service as possible to help keep residents and visitors safe.

Attachment F

There are several areas of the 4th District that have been waiting for years to be developed and in some cases, decades! Most of these areas are owned by our city's Successor Agency. I am requesting \$500,000 to \$1 million for Civic San Diego to develop a Specific Plan and Master EIR for those areas of the 4th District. The Specific Plan and Master EIR will provide for streamlined permitting (like in Downtown today) that will be required to attract investment. The Specific Plan and a Master EIR are the two tools for getting through the necessary regulations that has slowed development down in the District. The Specific Plan can build off the planning already accomplished by the City and will achieve "Shovel readiness" for private and public investment with a fast permit process used now in the Downtown area.

Infrastructure and Capital Improvement projects are needed throughout the City. Specific to the Fourth District, I am requesting funding for new sidewalks with an emphasis on new sidewalks this fiscal year. Among the many areas of my District that needs new sidewalks is Market Street, east of Euclid Avenue to Pitta. I cannot emphasize the danger to our youth and families as they walk along this stretch of street to the Malcolm X Library, schools, and stores.

I am requesting the CIP budget include construction of a community center for Tooma Park, with the costs to be determined. Resident and users of Tooma Park have requested a center for over 10 years. The foundation for the center has been laid. However, no other development or construction activities have taken place since.

The Citygate Working Group recently updated its implementation plan to improve fire and rescue emergency responses. A priority recommendation is to include \$750,000 in the FY 14 budget for design and planning of a new Fire station in Council District 4. It is a priority of mine to improve emergency response times and fire and rescue services in the District. I am requesting that \$750,000 be included in the FY 14 budget for this purpose.

I support the addition of \$200,000 for the Martin Luther King Jr. Promenade Project in District Four and the addition of \$50,000 for repairs at the Tubman Chavez Center.

The Mayor has stated that the FY 14 Budget is a "transitional budget" for his office. As this is my first day in office, I too view my budget recommendations as transitional. As the Mayor and Council proceed during the year with identifying savings and additional on-going resources, I look forward to making additional recommendations to improve public safety, community services, and infrastructure and spur economic development in the Fourth District and throughout the city.



City of San Diego
MARK KERSEY
CITY COUNCILMAN, FIFTH DISTRICT

MEMORANDUM

DATE: May 31, 2013
TO: Andrea Tevlin, Independent Budget Analyst
FROM: Councilman Mark Kersey, Infrastructure Committee Chair
RE: Budget Priorities and Revisions for Proposed Fiscal Year 2014 Budget

A handwritten signature in black ink, appearing to read "Mark Kersey", written over the "FROM:" line of the memorandum.

In response to the Council President's May 15th, 2013 call for budget priorities and revisions to the Mayor's Proposed Fiscal Year 2014 budget, I respectfully submit for Council consideration the following proposals. With the City of San Diego appearing to emerge from the worst fiscal crisis in recent memory, we must rebuild San Diego through fiscal prudence and cost-saving efficiencies, while restoring services for all. Accordingly, the priorities outlined below are primarily funded through efficiencies that City staff has indicated are achievable in a more expeditious manner than under the Managed Competition program. It is my hope that City employees continue delivering results for constituents, while identifying efficiency savings that can be put right back into restoring services that have been lost over the past decade.

Provide Funding for Sidewalk Condition/Needs Assessment & Tree Asset Management. In order to determine and monitor the full scale of our infrastructure needs, which current estimates peg at well over \$1 billion, the City must conduct frequent condition assessments of our various assets. The May revise included the Infrastructure Committee's priorities to add funding for a comprehensive City facility condition assessment and to begin the process of conducting an inventory and condition assessment of our City's park system assets.

In testimony at the Infrastructure Committee the public has also placed a high priority on assessing the condition of our existing sidewalks and identifying needed sidewalks where they

Attachment F

are currently missing, particularly to increase accessibility and ensure that our children have safe routes to school. A sidewalk assessment would allow Council to begin dedicating its attention and resources toward resolving the state of our City's sidewalk network. A sidewalk assessment, which would take the better part of a year, will provide the impetus for the City to resolve the policy issue regarding proper management and accountability of sidewalks.

Additionally, restoration of on-going maintenance services for our tree network and the development of a citywide process for managing and expanding our urban forest would increase walkability, prevent stormwater runoff, prevent sidewalk damage from tree roots, improve quality of life, and restore trust with our residents who have seen trimming services cut in previous budgets.

The \$1 million in one-time funds needed for a sidewalk assessment and the \$2.4 million in on-going funds needed to restore and enhance tree asset management could come from the identification of 5% – 10% on-going efficiencies by our creative city employees in the functions within the Transportation & Stormwater Department that have not gone through Managed Competition. Managed Competition to date has produced a minimum 7% and a maximum of 30% in year-over-year budget savings. Even though the City should expect at least 10% savings in any City function searching for efficiencies, the City could realize 5% cost-savings in the FY 14 budget to allow adequate time to identify efficiencies. The City could then expeditiously negotiate with labor representatives over implementation of those efficiencies using the additional resources this budget provides to the Human Resources Department.

Increase Proactive Facility Maintenance. The current budget proposal is responsive to the Infrastructure Committee's commitment to include additional funding for asphalt slurry sealing and repairs to concrete streets in some of our City's oldest neighborhoods. Even with the proposed level of maintenance and repair funding in the proposed budget, City staff indicates that the City is still \$30 million below the necessary maintenance funding to mitigate accelerated deterioration of our facility assets. It is not responsible to continue borrowing money to rebuild our City without planning to secure the necessary resources to keep our assets well-maintained.

The City should increase maintenance funding by \$600,000 for City-owned police facilities, which is consistent with the Police Department's 5-year plan and by \$200,000 for City-owned

civic and cultural buildings, which is consistent with the 5-year Penny for the Arts blueprint. The \$800,000 for additional facility maintenance needs can be secured through the expeditious implementation of 5%-10% cost-saving efficiencies identified by employees in the Public Works – General Services Administration and Facility functions. Some of the efficiency savings, necessary to bolster facility maintenance funding, may be found by exploring the centralization of various functions, as advised by a recent City Audit. Currently, some City departments perform maintenance of their own facilities, while others route requests through the Facilities Division. The City should explore the option of centralization to improve coordination, economies of scale, accountability, while increasing services and present a recommendation to the Infrastructure and/or Budget & Finance Committee in FY 14.

Enhance Capacity for Delivering Infrastructure Projects Through Efficiencies. During budget review hearings, the Council heard from the City's Public Works Department that it can deliver at least \$100 million worth of infrastructure projects per year. The Council also heard the department could identify efficiencies similar to those achieved under the Managed Competition program. To date, Managed Competition has delivered efficiencies of between 7% and 30%. The City should utilize its existing efficiency expert under contract, who worked with employee teams on proposals under the Managed Competition program, to identify similar efficiencies in the Engineering & Capital Projects Division and increase the capacity of the City to deliver between \$107 and \$130 million worth of critical infrastructure projects per year. The proposed budget already includes the costs of the efficiency consultant.

Improve Public Safety by Restoring Police Resources and Assisting with Retention. The current budget proposal funds only about 40% of the Year 1 needs identified in the Police Department's 5-year plan to restore police services to 2009 levels. If Council adopts the current FY 14 budget proposal, a \$4.4 million on-going sworn and civilian personnel staffing deficit will remain and grow in future years. Council can, however, provide for some one-time needs included in the first year of the 5-year plan that are still unfunded in the current FY 14 budget proposal. The Police Department still needs about \$1.4 million to replace outdated equipment and restore both the canine unit and airborne law enforcement programs to 2009 levels. This one-time need can be funded by freeing up some of the \$6.9 million in one-time revenue currently proposed to be set aside for the CAD system, which will not be purchased in FY 14 and could be leveraged in a multi-year lease purchase arrangement.

Attachment F

The City should also set aside \$2 million out of the CAD project to help address the Police Department's retention issues, possibly by developing a performance incentive program. The Council heard during budget review hearings that the Police Department is losing an average of 7-9 officers per month to attrition/retirement, and that other agencies are offering more competitive salary and benefit packages. The City must honor and recognize its police force as a critical responsibility of municipal government by bringing forward a proposal to address retention issues for consideration to the Public Safety and Neighborhood Services Committee. Such a proposal could be limited in term, and its impact evaluated after one year of implementation. Given the length of time necessary to acquire the CAD, the possibility of financing the system, and the immediate need to keep officers on the street, the funding source and this priority are critical.

Update City Reserve Policy and Increase Contributions to General Fund Reserve. The May Revise included noteworthy proposals to mitigate the shortfall in our Workers Compensation Reserve and to utilize a smaller portion of the SDG&E settlement money. However, the City's General Fund reserve policy is out-of-date and should be updated to achieve a reserve target of 15%, which is consistent with the City's Charter. Financial Management has committed to bringing an updated City reserve policy to the Budget and Finance Committee in FY 14. Until then, the net savings resulting from the 5-year labor contract should be placed into the General Fund reserve, which would allow us to withstand any anticipated or unanticipated impacts from the dissolution of redevelopment or other emergencies without greatly reducing services.

Bring Library Hours Back to 2009 Levels. During the last decade, as the City experienced its fiscal crisis, library hours were significantly reduced in order to balance the budget. The City has an opportunity to identify efficiency savings within the Library Department that would allow library hours to be restored at the Central Library and the City's branch libraries to 2009 levels of 52 and 48 hours per week, respectively. Just 5% efficiency savings would allow the additional library hour restorations to begin by this fall.

Support and Promote the Enterprise Zone Program. Last year the state approved an expansion of the Enterprise Zone in the San Diego region. Raising awareness of the program in the expanded area and maximizing participation by local companies is a key to our business

attraction, expansion, and retention efforts. An Enterprise Zone Marketing position should be added to Economic Growth Services in the Development Services Department. This position could be fully funded by Enterprise Zone Program revenues with no impact to the General Fund.

Restore Overnight Camping at Mission Trails Regional Park and Enhance Park

Maintenance. The City should restore the \$200,000 needed for overnight camping and one-time infrastructure improvements at Mission Trails Regional Park though the proceeds of leasing the DPC facility that will revert to the City upon dissolution. Also, a better use of the \$300,000 in one-time funds for a Balboa Park Traffic Management Plan would be for park maintenance. The City should dedicate those funds towards proper fertilization of our City's parks in FY 14.

Ad Hoc Committee Consultant. The Council is in the process of reorganizing committee structures and responsibilities. The most recent draft report suggested the creation of a special committee that would rotate by subject matter on a term-limited basis. To allow for the creation of a special committee and provide funding for a consultant, approximately \$200,000 should be dedicated out of the TOT fund balance over each of the next 3 fiscal years to the Council Administration Budget, during which time the concept of a special committee can be tested and future funding identified if the need is clear.



M E M O R A N D U M

DATE: May 31, 2013
TO: Andrea Tevlin, Independent Budget Analyst
FROM: Councilmember Lorie Zapf- Council District 6
SUBJECT: Final Budget Suggestions for FY 2013/2014

In the most recent May Revise several of my major concerns were addressed by the Mayor. Restoring the reserve levels to 13% by replacing the SDG&E settlement money, addressing the workers compensation underfunding, not decreasing downward TOT funding for the arts, increasing infrastructure funding and finding additional money for public safety. I still worry that we are creating new programs (Civic/Urban Initiatives and Bus Passes) instead of targeting that money for restoration of services. Below is a list of Council District 6 priorities and identified savings options (not in a ranked order) that I would like to see included in the upcoming budget discussions:

- 1. *Lease/Purchase of CAD System:*** The City has set aside \$6.9 million for the purchase of a new Computer Aided Dispatch System which will be designed and purchased at some point in the next 3 years but is not presumed to be purchased in the coming fiscal year. I believe that the City should follow the IBA's recommendation of lease/purchasing the system when we are ready to move forward. While I appreciate the Police Chief's concern that the new system might get passed over for higher priorities, I think that might be resolved by setting aside enough money to make the first year's lease/purchase payment- \$1.5 million should be sufficient. The rest of the money should be used to fund a number of the priorities identified by the police department in their 5 Year Plan and \$2 million should be set aside to address police retention issues.
- 2. *Civic and Urban Initiative:*** The Mayor has proposed adding 6 positions at a cost of \$1 million. I have concerns about creating a new think tank within the Mayor's Office at a time when many other needs have not been addressed. I also have concerns that the program design and goals have not been fully fleshed out. I would propose cutting the program in half to 3 FTEs. At the end of the first year if the program is successful the Mayor can come back to the Council and we can look at increasing the program.
- 3. *Mission Trails Campground:*** I would urge the Council to move \$250,000 in savings from shrinking the Civic and Urban Initiative Program to reopen during the summer months the Mission Trails Campground. This action would send a strong message to

- San Diego residents that before we create new programs like the Civic and Urban Initiative we are committed to restoring services like the Mission Trails Campground which sits empty now during the summer months. This campground (the only one in the City's portfolio) is an under-utilized public asset. We need to find a way to allow all city residents to take advantage of the investments we have already made in Mission Trails Regional Park.
4. ***San Diego River Park Master Plan:*** In addition to restoring Mission Trails, I propose a portion of the savings from the shrinking of the Civic and Urban Initiative should be used to add a dedicated person (who could even be added as a part of the Civic and Urban Initiative team) to coordinate with property owners, public agencies and non-profits that own property or are working in the San Diego River basin. The City just approved the San Diego River Park Master Plan. I would advocate we add an FTE to implement the plan we currently have in place to create a park that will protect our river, beaches and bays in the years to come. The creation of a 17.5 mile river park that creates a continuous bike/walking path fits with the urban design and environmental infrastructure goals of the Civic and Urban Initiatives Program.
 5. ***3 Dedicated Positions for Negotiating Department Efficiencies:*** While I fully support the Mayor's additional labor negotiator/human resource staff member dedicated to negotiating with City bargaining groups regarding identified efficiencies, I believe the Mayor should use 3 of the 4 vacancies in the ACOO's Office that were dedicated to Managed Competition to be used to identify efficiencies or restarting Managed Competition.
 6. ***Sidewalk Assessments:*** I support finding the \$1 million necessary for funding a sidewalk assessment.
 7. ***City Attorney Funding:*** While I support the \$925,000 in funding increase for the City Attorney's Office, there are strings attached to how that money can be spent. I think it is incumbent on the Council to find another \$500,000 in funding in FY14. We need to protect the taxpayers' investments by ensuring that City departments have sufficient legal funding. The City is faced with a mountain of litigation annually and the City Attorney's Office is our only line of defense and more important than ever. That said over the next year I would strongly encourage the City Attorney's Office to look for efficiencies as most other departments have done or will be doing. In tight fiscal times it is up to everyone to do their part.
 8. ***Library Hour Restoration:*** As the City evaluates what to spend any extra savings on that might be generated by the 5 year labor deal, it is my firm belief that those savings should go back to restoration of services. An additional \$3 million would restore 4 hours a week at each of the branch libraries and an addition 3 hours at the Central Library.
 9. ***Council Intergovernmental Policy Liaison:*** The Mayor has eliminated the Intergovernmental Relations Department and instead has spread their duties over a number of departments. This leaves the Council without a liaison to monitor bills at the state and federal level that might impact the City of San Diego. While the Mayor is establishing his own program to represent the City, it might be worthwhile for the

Attachment F

City Council to add an Intergovernmental Policy Liaison under the direction of the Council President to interact with the Mayor's Office and his various staff on issues that are important to the Council. The cost of this position would be approximately \$150,000 with fringe included. The funding could come from transferring the remaining vacancy from the ACOO office over to the Council Administration budget.

- 10. Bus Program:** I am concerned about creating a new long term program to provide unrestricted bus passes to a select group of underprivileged students. If the City decides to follow through on such a program it should be a one year commitment and should be a straight match to the school district donation. It should also be evaluated by the City Attorney to make sure that it is not a gifting of public funds.
- 11. Arts and Culture Facilities Fund:** As the City looks to streamline facilities maintenance and repair, an additional fund should be set aside to identify money to be used for Arts and Cultural Facilities repair. If TOT comes in above projections, the City should set aside the first \$500,000 of TOT above budget projections to be used for those M&R of City Arts facilities.
- 12. Bike Czar:** While I am supportive of increased bike facilities citywide, I feel that this public relations/advocacy position should be funded using an already vacant position or an existing public information officer instead of creating a new FTE. The savings should be used for bicycle infrastructure instead.



City of San Diego
Councilmember Scott Sherman
Seventh District

MEMORANDUM

DATE: May 31, 2013
TO: Andrea Tevlin, Independent Budget Analyst
FROM: Councilmember Scott Sherman 
RE: Recommended Budget Revisions for Fiscal Year 2014 Budget

The financial outlook for Fiscal Year 2014 (FY14) is more encouraging than this City Council has seen in years. Our region's slow economic recovery provides the welcome opportunity to restore core city services which have been cut over the last five years. While the Mayor's budget has some positive aspects, such as a slight increase in infrastructure funding and the addition of four civilian positions to support Police Department operations, the proposed budget somehow adds millions of new dollars and many new positions without increasing library hours or rec center hours. This budget appears to expand the size of city government in every direction with little focus or sense of priority.

I encourage the Mayor and Council to focus primarily on **core** neighborhood services in this critical rebuilding year. The following are my recommended budget revisions for Fiscal Year 2014:

Focus personnel additions on police, libraries, park & rec, and other core services

The proposed budget includes dozens of new FTEs (full time equivalent positions) in areas such as the new "Civic and Urban Initiatives" program housed within the Mayor's office, administrative analysts, aides, and support staff for City TV. I understand that these additions may provide some value but I believe the City's focus should be on service restorations of core neighborhood services. I recommend that the Council only increase FTEs in the Library, Park & Rec, Police, Lifeguard and other departments which support core frontline neighborhood services.

Attachment F

Maintain City Attorney funding at FY13 levels

The City Attorney's office provides legal support to every function of City government. This critical department performs well which made it surprising to see the Mayor propose significant cuts to that budget. Most unusual was the elimination of specific positions from within that department's budget. I recommend the Mayor maintain the City Attorney's budget as-is from FY13.

Implement managed competition

San Diego voters passed managed competition overwhelmingly in 2006, and after years of delays this cost-saving, common-sense program was beginning to get off the ground last year. Unfortunately, that progress has stalled. In fact, budgeted savings from managed competition may not be realized in this fiscal year. It is my top budget priority to see managed competition move forward without delay, specifically street sweeping, PUD customer support, street and sidewalk maintenance, landfill operations and fleet maintenance for savings of \$4.1 million.

Restore overnight camping at Mission Trails Regional Park & improve the Visitors' Center

The City of San Diego operated a campground in Mission Trails Regional Park until budget cuts closed the Kumeyaay Lake Campground to overnight camping in 2009. As the only public campground within the City of San Diego and because it is located close to our urban neighborhoods Kumeyaay Lake provides a unique opportunity for San Diego residents to camp overnight.

Although the Mayor proposed a restoration of that campground in the FY13 Mid-Year Budget Monitoring Report, the funding was pulled from the campground and put toward \$200,000 in free bus passes for select students. As discussed at City Council, I recommend the City work with MTS to provide free bus rides for students on bus routes which are already in operation. This approach could benefit even more students citywide and would free the \$200,000 for the campground.

Regardless of MTS' willingness to provide free bus rides for students and because it may take some time to advance that proposal at MTS, I support funding to **restore overnight camping** at Kumeyaay Lake Campground and the related energy-efficient upgrades to the Mission Trails Visitors Center in the FY14 budget.

Eliminate "Civic & Urban Initiatives" Program

The Mayor's "Civic & Urban Initiatives" program is an increase in 6 FTEs. While I appreciate the intent of the proposal, I believe that the City should focus on core neighborhood services as outlined in my opening paragraph. I recommend increasing 6 FTEs in the Library Department rather than creating a new bureaucratic unit to work with existing bureaucracy.

Fund Director of Open Government, La Jolla seal camera & Intranet Quorum (IQ) software out of the Mayor's existing budget

These three items are directly under the Mayor's purview. Representations from the Mayor indicate that the Director of Open Government position will be housed within the Mayor's office. The Mayor spoke at Council about his personal commitment to the seal camera and the IQ software will serve the Mayor's office directly. For these reasons it would be appropriate to fund these items out of the Mayor's existing budget, rather than increase expenditures.

Eliminate \$100,000 for EMS "operations study" and move forward with RFP as planned

The budget allocates \$100,000 for an EMS "operations study" to determine if that service could be brought "in-house," a major departure from years of City practice. This proposal also deviates significantly from the planned RFP for ambulance services. I recommend that we cancel the proposed operations study and move forward with the RFP as planned.

Direct \$185,000 in BID support to appropriated reserves

I was happy to see the Mayor restore \$185,000 in BID support in the May revise. These funds had been pulled from the BID Council, which has done a great job supporting San Diego's Business Improvement Districts and small business owners for years. While I support putting these funds toward non-personnel expenses, I would like to see clarification that the funds will remain allocated to the BID Council as they always have.

For that reason I recommend directing this \$185,000 to appropriated reserves until the City Council can review the City's SBEP Policy (Council Policy 900-15) at the July meeting of Rules and Economic Development.

Provide funding for sidewalk condition assessment

Many San Diegans would be surprised to learn that our city had not performed a street condition assessment before 2012. Similarly, it is surprising that San Diego has not looked closely at the true state of our sidewalks. The Infrastructure Committee, which I sit on, has identified a sidewalk condition assessment as a priority. I recommend the Council include a sidewalk condition assessment in the FY14 budget.

Lease/Purchase of CAD system

The City has set aside \$6.9 million for the purchase of a new computer aided dispatch (CAD) system. The IBA has recommended that the City do a lease/purchase agreement for the system when public safety is ready to move forward.

Rather than put the entire \$6.9 million aside with the City potentially years away from completing the update, I recommend allocating \$1.5 million to make the first year's lease/purchase payment. The remaining funds should be used to fund a number of the priorities identified by the Police Department in their Five Year Plan with \$2 million set aside to address police retention concerns voiced by the Police Department.

Attachment F

Increase funding for facility maintenance focused on police and cultural facilities

Infrastructure funding, coupled with restoration of core neighborhood services, should be the City's priority as we begin to emerge from our recent economic troubles. Because San Diego likely has over \$1 billion in deferred infrastructure maintenance I am glad to see a slight increase in infrastructure funding for slurry sealing and repair to concrete streets. However, I would like to see increased funding of \$600,000 for police facilities (which is consistent with the PD's Five Year Plan). I would also like to see \$200,000 in additional maintenance on cultural facilities (which is consistent with the "Penny for the Arts" blueprint). This increased funding could come from efficiencies within Public Works-General Services Administration and facility functions.

Allocate savings from five-year labor contracts to increase Library and Park & Rec hours

The City's employee bargaining units have come to an agreement on a five-year labor deal which adheres to Proposition B's freeze on pensionable pay. The actuarial savings from the certainty of a five-year pensionable pay freeze will provide tens of millions in savings. I recommend that the savings achieved from that deal (after the cost of pay increases is accounted for) be allocated to increased Library Department and Park & Recreation Department hours.

Expand the City Attorney's Neighborhood Prosecution Unit

With the State of California pushing more responsibility for the criminal justice system onto local agencies it is important to remain ahead of the problem and aggressively fight crime in San Diego. The Neighborhood Prosecution Unit partners with the Police Department in select neighborhoods to help train officers and aggressively combat crime. In February the City Attorney requested additional funding to make this unit more robust as San Diego addresses a larger workload due to Sacramento's actions. I recommend funding this unit at the \$758,000 requested.

Increase infrastructure funding

I appreciate that the current budget invests in San Diego's billion-dollar deferred infrastructure maintenance. I'm glad to see funding budgeted above "Enhanced Option B" because it is so desperately needed. However, given the enormous backlog of deferred maintenance and the delay in the infrastructure bond which was previously scheduled for this year I recommend that infrastructure funding be even more than the currently budgeted amount in FY14. Again, this rebuilding year should be focused on core neighborhood services like roadways and other infrastructure.

Direct additional funding to increase the amount of the City's General Fund Reserve

When our region's economic situation improves, like we are currently witnessing, it is important to maintain large reserves to absorb potential future down times. I recommend the City strive for a 15% reserve limit and begin working toward that goal with any additional revenue left over in the FY14 budget.



COUNCILMEMBER DAVID ALVAREZ

City of San Diego
Eighth District

MEMORANDUM

DATE: May 31, 2013
TO: Andrea Tevlin, Independent Budget Analyst
FROM: Councilmember David Alvarez *David Alvarez*
SUBJECT: Fiscal Year 2014 Final Budget Modifications

In light of the most recent revenue and expenditure figures included in the May Revise and the expected savings included in a multi-year labor agreement for Fiscal Year 2014, below are a list of funding priorities that should be considered for inclusion in the FY2014 budget:

General Fund Budget:

- **Park & Recreation Services- \$246,600-\$527,357:**
 - Teen Nights: The portable pool program was allocated an additional \$44,000 in the May Revise. At the time of the May Revise there was a funding gap for the portable pool program, that has now been addressed via community donations. As such this funding should be used to fully fund the Teen Nights program for FY2014 in order to provide our young people with safe activities in their communities.
 - Expand portable pool program to more communities and open all city pools year round
 - Fertilization of Park Areas: Non-personnel only restoration of \$450,000 for twice per year fertilization of park areas is vital to the preservation of our active and passive park areas
 - Facilities Maintenance: Additional four hours of cleaning restrooms on Saturdays at five parks within District Eight for FY14 is critical, as these parks are used on Saturdays and Sundays each weekend. By Sunday the bathrooms need to be cleaned and the trash needs to be emptied to accommodate the needs of park users on Sunday. Citywide dedicated hourly grounds maintenance staff would cost a minimum of approximately \$41,000 in

Attachment F

FY14, plus undetermined additional costs for needed vehicles and/or additional staff that would likely bring total citywide funding to \$100,000.

- Shoreline Parks Ranger- \$138,357: This area is a destination for tourists visiting San Diego and justifies additional Ranger staffing to support other public safety officers patrolling the area.
- **Elimination of Cross Staffing for Fire-Rescue Units- \$1.9 million- \$5.7 million:** These units serve an important function that is critical to public safety city-wide and should be adequately staffed without pulling firefighters away from regular duty. Eliminating the cross staffing would provide dedicated staffing for each unit to increase efficiency. In order of priority, cross staffing should be eliminated in the following units:
 - HAZMAT Unit (\$1.9 million)
 - Bomb Unit (\$1.9 million)
 - Urban Search & Rescue Unit (\$1.9 million)
- **Continued Implementation of Citygate Working Group Five-Year plan- \$1.87 million:** In order to provide proper fire and life safety services to San Diegans, the City must continue to stay on target with funding needs identified in the Citygate Report. The City made some progress last year in providing the required funding for the purchase and installation of a new in-station alert system, however we have a long ways to go in meeting the goals of the implementation plan. The update to the five-year plan at the January 16, 2013 PS&NS meeting outlined the funding needs for Year 2 of the implementation plan, which should be incorporated into the FY14 budget. I believe it is critical that the following Citygate Working Group recommendations be implemented in the upcoming fiscal year:
 - Funding for planning and design of Home Ave. Fire Station- \$750,000
 - Battalion Chief staffing and vehicle- \$1.12 million
 - \$530,000 for purchase of vehicle
 - \$592,000 for recommended staffing level
- **Lifeguard Staffing- \$442,897:** Transfer funding for the 12 seasonal lifeguards to budget for four additional full time “Lifeguard II” positions to staff a boating unit, which in addition to regular duties can perform enforcement within the Marine Protection Areas (MPAs). MPAs must be adequately protected in order to preserve them for future generations and protect affected marine life.
- **Arts & Education Pilot Program (Jan 2014-June 2014)- \$613,125:** As discussed by the City Council in approving the Penny for the Arts Plan last year, a focus on funding Arts and Culture programs in our communities is an important piece of ensuring that our City retain and grow a vibrant arts environment. A vital piece is ensuring that our local students have direct access to arts programming through a partnership between the City and the various school districts. This can be accomplished via a student arts enrichment program that would reserve facilities for

exclusive use of San Diego students during the school day. Non-profit arts groups would develop programming that fits school curriculum and the city pays for facility, programs and transportation. If the program is successful it could be funded for a full year in FY2015.

- **Installation of City-owned Street Lights- \$200,000:** The FY14 budget currently includes \$100,000 for street lights. I believe increased funding to provide more street lighting in our communities is vital to public safety. As such, I propose that \$200,000 be allocated for streetlight installation in FY14. Specifically, the following location badly needs lighting:
 - Alleyway between Imperial Avenue and Commercial Street (between 28th Street and 32nd Street)

- **Sidewalks:** Making progress on city-wide sidewalk repair is critical as the city continues to address infrastructure needs. The FY14 budget should include funding for sidewalk repair. Below are specific locations that should be addressed:
 - Conifer Ave. from I-5 to Hollister Street
 - Citrus Ave. from I-5 to Hollister Street
 - Dahlia Ave. from 16th Street to 19th Street
 - Dahlia Ave. from 18th to Saturn Blvd.
 - Thermal Ave. from Palm Ave to Donax Ave.
 - 16th Street from Elm Ave. to Elder Ave.
 - Evergreen Ave. from Thermal Ave to 16th Street
 - Thermal from Palm Ave to Coronado Ave
 - Logan Avenue between Cesar Chavez Pkwy and entrance to Hwy 5 South (Southeast side of Chicano Park).
 - Installation of sidewalk on Siccard Ave between Newton Ave and Main Street
 - Pedestrian ramp installation on southeast corner of Sampson Avenue and Newton Avenue
 - 2040 Imperial Avenue – sidewalk broken by two trees
 - Curb damage on Imperial Avenue from 24th through 25th Street
 - Curb damage on Imperial Avenue from 25th through 26th Street
 - Curb damage on Imperial Avenue from 26th through 25th Street

- **Urban Forestry Program- \$250,000:** Growing San Diego’s urban forest improves residents quality of life through various public safety benefits and cooling of urban heat islands in our communities. The FY14 budget should include \$150,000 in funding for an Urban Forester and \$100,000 for an Urban Forestry Program.

- **Code Compliance Program:** There are many properties in various communities across the city that require inspection and enforcement by the Neighborhood Code Compliance Department. Specifically, some properties fall into the category of neglected multi-unit residential building

Attachment F

owned and operated by out-of-town owners. These slum properties have a negative impact on the residents who live in the buildings and on the community at large. A pro-active code enforcement program focusing on cleaning up these properties should be included in the FY14 budget.

Capital Improvement Program and Infrastructure Budget:

- **Silverwing Neighborhood Park Sports Field Lighting -\$600,000:** This project provides for much needed sports field lighting for this park. This upgrade would extend the useful life of this facility and provide greater usage by the community. The project currently has a \$600,000 funding gap.
- **Villa Montezuma Museum Restoration- \$500,000:** This project restores an important historical asset for the city, extends the life of the facility and would open the facility to the public. Restoration and repair work includes exterior painting, fencing, landscaping, replacement of heating, cooling and ventilation systems, plumbing/piping, electrical upgrades, ADA upgrades and restoration of historic stained glass windows. This project has a funding gap of approximately \$500,000.
- **Memorial Park Improvements- \$200,000:** Memorial Park is located at Logan Avenue and 28th Street. This block also includes facilities operated by the San Diego Unified School District. Staff should work cooperatively with SDUSD staff to coordinate efforts to redesign the current site to better serve the community and students. An initial estimate of costs associated with a redesign of the park site is \$400,000 which can be split between the City and SDUSD. An initial investment by the City in FY14 would begin the process for this project.
- **Chicano Park ADA upgrades- \$2.2 million:** This project provides for ADA upgrades at Chicano Park and allows for a 2 acre expansion of the park that includes comfort station upgrades, children's play areas, drinking fountains, park furniture, a skateboard park, lighting, and sports field lighting. Funding of the project will allow the city to meet State and Federal guidelines on accessibility standards, provides the community with significant upgrades to a historic area of the district and extends the useful life of the park. The funding gap for this project is approximately \$2.2 million.
- **Initiate Capital Improvement Project for La Media Road Improvements:** La Media Road, between I-905 and Siempre Viva Road in the Otay Mesa community, is a route used by commercial vehicles accessing the border. Significant improvements (such as widening) are required on La Media Road as the city moves forward with plans to improve the road, provide better access to commercial vehicles crossing the border and addressing significant flooding issues, which often make the road impassable. Currently, no CIP exists to address these deficiencies, which has prevented the project from moving forward and has hampered the city's ability to better facilitate international commerce. I suggest that a CIP is created during FY14 for this project and funding is sought for it in future years.

- **Initiate Capital Improvement Project to Design Southwest Neighborhood Park in Otay Mesa/Nestor:** The City owns undeveloped park land on 27th Street in the Otay Mesa/Nestor community. The design and development of the 11.4 acres into a Neighborhood Park was first proposed in 1992 and would provide much needed park space and be of great benefit to all members of the community. Children from Southwest Middle School as well as condominiums, apartments, and mobile homes within walking distance would benefit from the use. Currently no CIP exists for this project and in order to move forward funds need to be dedicated to the design of the park. I suggest that a CIP is created during FY14 for this project and funding is sought for it in future years.

DAA/ks



REVISED
Original: Andrea
ca. all on 5/31/13

**City Of San Diego
COUNCILMEMBER MARTI EMERALD
DISTRICT NINE
M E M O R A N D U M**

DATE: May 31, 2013

Reference: M-13-05-11

TO: Andrea Tevlin, Independent Budget Analyst

FROM: Councilmember Marti Emerald *Marti Emerald*

SUBJECT: Fiscal Year 2014 Budget Priorities

This final round of budget memos traditionally offers the City Council one more opportunity to advocate for the services we consider critical to our respective Districts and the entire City. Past budgets emphasized bolstering our recovering economy while making painful cuts in public services. Thankfully, the focus this year is restoring services in a healthier economy, while continuing to be prudent with tax dollars.

I commend Mayor Filner on his Fiscal 2014 budget. It puts San Diego neighborhoods first. I am greatly encouraged by the renewed investment in our communities, especially our older mid-city neighborhoods. My top priorities: safe neighborhoods, development and maintenance of critical public infrastructure, and encouraging civic engagement.

Five Year Plan Recommendations for the Police and Fire-Rescue Departments

Public safety is the most critical service citizens rely on their local government to provide. It must be the first area targeted for program restoration as dollars become available. The FY2014 Proposed Budget and May Revise take significant steps in fulfilling the recommendations outlined in our Five Year Plans for restoring public safety services, personnel, equipment, and technology.

I believe we must continue to aggressively fund police academies as called out in the Five Year Plan. We face a crisis of attrition and desperately need both sworn and civilian personnel in our Police Department. I appreciate the Mayor's commitment to fund needed personnel.

Page 2
Councilmember Marti Emerald
May 31, 2013

I also urge the Mayor to make the one-time investment of \$6.9 million in court settlement funds this year to replace the Police Department's outdated Computer Aided Dispatch system. I oppose any efforts to spread that investment over future budget years. In the interest of public safety, we must fund the system now without further delay.

Our City's Neighborhood Prosecution Units have also been an important part of our law enforcement efforts. I support the Mayor's recommendation to increase the City Attorney's budget by \$925,000. At the same time, we must ensure there are no cuts to the Neighborhood Prosecution Unit, which plays a vital role fighting crime, especially in our older urban neighborhoods south of Interstate 8.

As part of our Fire-Rescue Five Year Plan, it is vital that we continue funding academies to grow our firefighting force. Otherwise, we risk the same trouble with attrition that plagues our Police Department.

We must also invest in ten long-overdue fire stations. These stations will help Fire-Rescue crews improve response times and could serve the community in other ways, like providing meeting spaces and police storefronts.

Fire Station 17 in City Heights (The Hub) is the busiest fire station in San Diego. Plans are now underway to demolish the fire station and rebuild it at double its current size. The cost: \$12 million. The Mayor's new budget will finally make it possible to build a fire station in Mission Valley and design new stations on Home Avenue and in the Skyline community.

I also support fully staffing Fire-Rescue's Hazardous Materials Incident Response Team. The cost: \$1.9 million. In the future, we should review full staffing of the Explosives Demolition Team and Rescue 41, which are also critical components of our public safety response efforts.

Neighborhood Code Enforcement

The second half of FY2013 witnessed the restoration of the popular and effective Volunteer Code Enforcement Program, in order to pursue violations that were ignored because of belt tightening in previous budget years. Proactive enforcement not only identifies violations that threaten health and safety, but also those which degrade quality of life. The estimated cost for three more Code Compliance Officers: \$240,000. Three administrative personnel, essential for processing code violation complaints and remedies: \$210,000.

Street Lighting Needs Assessment/Field Survey

I thank the Mayor for allocating an extra \$100,000 for additional streetlights in high crime neighborhoods. I look forward to working with our Capital Improvements Program

Attachment F

Page 3

Councilmember Marti Emerald

May 31, 2013

and our Traffic Engineering Operations Division to identify the neighborhoods where these new streetlights will make the most positive difference in crime prevention.

The next step is to conduct a comprehensive needs assessment to obtain the full scope of our streetlight deficiency. Our current backlog of streetlights is estimated at nearly \$30 million. A field survey would provide the foundation for rolling out an objective, priority-based, street-lighting installation program. An early estimate for conducting this study is between \$400,000 and \$600,000.

Civic and Urban Initiatives Program

The Mayor proposes investing nearly \$1 million into a new Civic Urban Initiatives Program. The details provided in Mr. Sturak's memorandum dated May 22, 2013, intrigue me with the program's potential to stimulate economic growth and activate underutilized and blighted space.

I propose that the Mayor pilot his *New Spaces for Entrepreneurship* project in District Nine. The City Heights Community Development Corporation's Arts Microenterprise Center at 4139 El Cajon Boulevard provides an excellent opportunity with its program aiming to inspire entrepreneurship and create economic sustainability for women in the City Heights area. The Center itself will include a studio, workshop, and gallery where women will receive training in textile and fiber arts, create their own goods, learn to develop their own microenterprise businesses, and have access to gallery space, organized shows, and an online arts marketplace to display and sell their art. Space for the Center has already been negotiated and will be leased from the San Diego Housing Commission, with microenterprise business and art classes to commence in 2014.

Future projects offer even greater opportunity to partner with organizations like San Diego State University's Zahn Center for Technological Innovation, the City Heights Community Development Corporation, and business improvement districts. This would allow us to support young entrepreneurs, while making better use of vacant storefronts and warehouses along commercial thoroughfares such as El Cajon Boulevard and University Avenue.

As part of our focus on entrepreneurship in our neediest neighborhoods, we cannot overlook children who struggle to get to and from school or jobs to help support their families. This is why I ardently support MTS Bus Passes for qualified students. The City's contribution: \$200,000. This is an investment that will pay tremendous dividends.

The Mayor's investment in the Central Avenue Mini Park and Charles Lewis III (Home Avenue) Park will also pay dividends. These new parks and continued funding to maintain all our urban parks will provide safe places for our children and families, and add much-needed green space and recreational opportunities for residents.

Page 4
Councilmember Marti Emerald
May 31, 2013

The Mayor's *Vacant Lots Initiative* also presents exciting opportunities to create new community spaces out of blighted empty City-owned lots. Working hand-in-hand with the City's Community Forest Advisory Board, Parks and Recreation Department, and many of our non-profit organizations such as San Diego Canyonlands, the Sierra Club, and Ocean Discovery Institute, we would create opportunities to promote education, environmental awareness, and civic engagement.

These proposed budget adjustments focus primarily on setting priorities and investing resources now available. They also focus on strategic planning. What are today's needs? What will they be tomorrow? And how can we best implement the Mayor's vision for new neighborhood-oriented programs to make them successful and sustainable? These questions and their corresponding answers are the building blocks for important and positive change.

I look forward to partnering with Mayor Filner, my Council colleagues, and the people of San Diego to finalize our FY2014 budget as a significant step forward in restoring resources for our neighborhoods. I appreciate your consideration of the above recommendations.

ME:ch

Title 7RESOLUTION NUMBER R- 308247DATE OF FINAL PASSAGE JUN 19 2013

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO ADOPTING THE FISCAL YEAR 2014 BUDGET, INCLUDING APPROVING THE MAYOR'S FISCAL YEAR 2014 PROPOSED BUDGET, THE MAY REVISION TO THE PROPOSED BUDGET, THE SUPPLEMENT TO THE MAY REVISION, THE INDEPENDENT BUDGET ANALYST'S RECOMMENDED REVISIONS TO THE PROPOSED BUDGET AND OTHER CHANGES AS APPROVED BY THE CITY COUNCIL.

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 16, 2013, the Mayor's proposed budget (Proposed Budget) was presented to the City Council; and

WHEREAS, on May 22, 2013, the Mayor's May revision (May Revision) to the Proposed Budget was presented to the City Council; and

WHEREAS, on June 5, 2013, the Mayor issued his Supplement to the May Revision to the Fiscal Year 2014 Proposed Budget (Supplement to the May Revision); and

WHEREAS, on June 5, 2013, the Independent Budget Analyst issued her Review of the FY 2014 May Revise and Recommended Revisions to the Mayor's FY 2014 Budget, IBA Report No. 13-23 (IBA FY 2014 Budget Report); and

WHEREAS, between May 1 and May 22, 2013, the City Council held more than two public hearings to consider the City's Fiscal Year 2014 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 2014 Budget, including the Mayor's Proposed Budget, as modified by the May Revision, the Supplement to the May Revision, certain recommendations contained in the IBA FY 2014 Budget Report and other changes as approved by the City Council, including restoration of the City Attorney's office budget on the terms set forth below; and

WHEREAS, should the City Attorney's office budget be cut, the manner of achieving such cut shall be in the City Attorney's discretion during the course of the fiscal year and, specifically, neither the Mayor nor City Council may direct how such cut be made, identify positions to be vacant or removed or employees to be laid off; NOW, THEREFORE,

BE IT RESOLVED, by the Council of the City of San Diego that the Mayor's Proposed Budget, as modified by the May Revision and the Supplement to the May Revision is hereby approved including those recommendations contained in the IBA FY 2014 Budget Report, or otherwise approved by the City Council, with specific expenditure increases as follows:

- a. \$2,000,000 shall be placed in the Appropriated Reserve for the purpose of funding a Police retention program until such time as the program has been approved by the City Council;
- b. \$1,000,000 to fund a sidewalk condition and needs assessment;
- c. \$200,000 to increase hours at the new Central Library from 49 to 52 hours per week;
- d. \$2,900,000 to increase service hours at all branch libraries from 44 to 48 hours per week;

- e. \$712,000 to increase the number of recruits in each of four police academies from 34 to 36 and to allow for funding flexibility in the event that attrition is lower than assumed;
- f. \$200,000 to restore funding for overnight camping at Mission Trails Regional Park and for improvements to the Mission Trails Regional Park Visitor Center; and
- ~~g. \$508,228 to restore the City Attorney's budget to Fiscal Year 2013 funding levels.~~

BT

BE IT FURTHER RESOLVED, that funding for the additional one-time expenditures items recommended in the IBA FY 2014 Budget Report, identified as items a and b herein, shall be funded by reducing the Capital Improvements Program Budget in CIP S13100, CAD Replacement Project, by \$3,000,000.

BE IT FURTHER RESOLVED, that it is the intent of the City Council that additional ongoing expenditure items recommended in the IBA FY 2014 Budget Report, identified as items c, d, e, and f, herein, shall be funded from General Fund Reserves/Fund Balance, which shall be replenished from any budgetary savings resulting from the Board of the San Diego Employees' Retirement System reducing City's required pension contribution prior to July 1, 2013. If the City's required pension contribution is not reduced by an amount sufficient to fully fund the identified items, expenditures related to such items shall not be made.

~~BE IT FURTHER RESOLVED, that it is the intent of the City Council that the identified expenditure increase for the City Attorney's office shall be funded from SDG&E settlement funds transferred from the Public Liability Fund, which shall be replenished from increased revenue from cash settlements or judicial awards won by the City Attorney's office during the~~

BT

~~course of the fiscal year to be identified by the City Attorney. If such increased revenue is not realized by the Fiscal Year 2014 Mid Year Budget Report, it is the intent of the City Council that the City Attorney's budget be cut by the amount of the revenue shortfall.~~

BE IT FURTHER RESOLVED, that the Mayor is directed to present to the City Council the Fiscal Year 2014 First Quarter Budget Monitoring Report (First Quarter Budget Monitoring Report), along with the Five Year Financial Outlook, no later than November 30, 2013.

BE IT FURTHER RESOLVED, that the Mayor is requested to recommend to the City Council amendments to the Fiscal Year 2014 Adopted Budget in conjunction with the presentation of the First Quarter Budget Monitoring Report and in consideration of the Fiscal Year 2014 Councilmember Budget Priority Memoranda, as attached to IBA Report No. 13-24, dated June 5, 2013.

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:sc
05/30/13
06/06/13 COR. COPY
06/10/13 REV.
Or.Dept:IBA
Doc. No. 571795_6

Attachment G

(R-2013-734 REV.)

I hereby certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of JUN 10 2013.

ELIZABETH S. MALAND
City Clerk

By 
Deputy City Clerk

Approved: _____
(date)

BOB FILNER, Mayor

Vetoed: _____
(date)

BOB FILNER, Mayor

Approved except for the
line items vetoed as
shown: 6/19/13
(date)


BOB FILNER, Mayor

On Monday, June 10, 2013, Resolution Number R-308247 was passed by the Council of the City of San Diego. The Mayor returned the resolution with line items vetoed to the City Clerk with his written objections on Thursday, June 20, 2013.

On June 25, 2013, the City Council reconsidered the Mayor's Line Item Veto of the Mayor's Fiscal Year 2014 Proposed Budget; pursuant to Charter Section 290 (b) (2) (B). The Resolution did not receive sufficient votes to override the Mayor's veto. Pursuant to Charter Section 290 (b) (2) (c), the Resolution with the Mayor's veto is deemed approved. The date of final passage is June 19, 2013.



THE CITY OF SAN DIEGO

MEMORANDUM

DATE: June 19, 2013
TO: Elizabeth Maland, City Clerk
FROM: Honorable Mayor Bob Filner 
SUBJECT: Resolution R-2013-734 REV Adopting the Fiscal Year 2014 Budget

I have reviewed the Resolution adopting the Fiscal Year 2014 Budget and, pursuant to Charter Section 290(b)(2)(A), I am vetoing the following line items:

“g. \$508,228 to restore the City Attorney’s budget to the Fiscal Year 2013 funding levels.”

“BE IT FURTHER RESOLVED, that it is the intent of the City Council that the identified expenditure increase for the City Attorney’s office shall be funded from SDG&E settlement funds transferred from the Public Liability Fund, which shall be replenished from increased revenue from cash settlements or judicial awards won by the City Attorney’s office during the course of the fiscal year to be identified by the City Attorney. If such increased revenue is not realized by the Fiscal Year 2014 Mid-Year Budget Report, it is the intent of the City Council that the City Attorney’s budget be cut by the amount of the revenue shortfall.”

The City has not historically funded annual operating expenses based upon anticipated legal settlements. The outcome of cases, both the timing and the amount, are difficult to predict. If and when settlement revenues are collected, the Mayor can propose and the City Council can approve how to expend those funds, not the City Attorney. As such, it would be fiscally irresponsible to allow this item to proceed.

Attachment G

Passed by the Council of The City of San Diego on JUN 10 2013, by the following vote:

Councilmembers	Yeas	Nays	Not Present	Recused
Sherri Lightner	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Kevin Faulconer	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Todd Gloria	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Myrtle Cole	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mark Kersey	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lorie Zapf	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Scott Sherman	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
David Alvarez	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Marti Emerald	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Date of final passage JUN 19 2013

AUTHENTICATED BY:

BOB FILNER
Mayor of The City of San Diego, California.

(Seal)

ELIZABETH S. MALAND
City Clerk of The City of San Diego, California.

By , Deputy

Office of the City Clerk, San Diego, California

Resolution Number R- 308247

RESOLUTION NUMBER R- 308398
DATE OF FINAL PASSAGE AUG 05 2013

RESOLUTION OF THE COUNCIL OF THE CITY OF
SAN DIEGO ADOPTING THE STATEMENT OF
BUDGETARY PRINCIPLES WITH RESPECT TO
ADMINISTRATION BY THE MAYOR OF THE FISCAL
YEAR 2014 BUDGET

WHEREAS, in accordance with San Diego Charter sections 71 and 290, on July 22, 2013, the City Council is expected to adopt the Appropriation Ordinance to provide for the appropriation and expenditure of funds for the Fiscal Year 2014; and

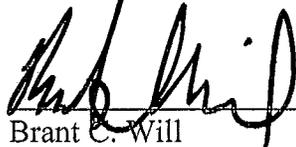
WHEREAS, the Mayor and the City Council desire to provide for the effective administration of the Fiscal Year 2014 budget; and

WHEREAS, the Independent Budget Analyst, in consultation with the Mayor, has prepared a Statement of Budgetary Principles (attached hereto as Exhibit A) which acknowledges the duties of the Mayor as Chief Budget Officer and Chief Fiscal Officer of the City, and the City Council as sole legislative and lawmaking body of the City; NOW, THEREFORE,

BE IT RESOLVED, by the Council of the City of San Diego, that the City Council hereby adopts the Statement of Budgetary Principles.

APPROVED: JAN I. GOLDSMITH, City Attorney

By

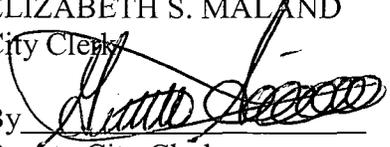


Brant C. Will
Deputy City Attorney

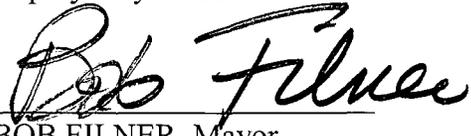
BCW:jdf
7/15/2013
Or.Dept:IBA
Doc. No.: 598448

I hereby certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of 7/30/13.

ELIZABETH S. MALAND
City Clerk

By 
Deputy City Clerk

Approved: 8/2/13
(date)


BOB FILNER, Mayor

Vetoed: _____
(date)

BOB FILNER, Mayor

FY 2014 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, 2013, the Mayor released the Fiscal Year 2014 Proposed Budget to the Council and to the public; and

WHEREAS, the Council has duly considered the Mayor's Fiscal Year 2014 Budget; and

WHEREAS, between May 1 and June 10, 2013 the City Council held more than two public hearings to consider the City's Fiscal Year 2014 Budget in accordance with San Diego Charter sections 290(b) and 71, and at such meetings members of the public were invited to comment on and ask questions about the Fiscal Year 2014 Budget; and

WHEREAS, on May 22, 2013, the Mayor's May revision (May Revision) to the Proposed Budget was presented to the City Council; and

WHEREAS, Council members submitted their budget ideas to the Independent Budget Analyst on May 31, 2013 to assist with the development of final budget recommendations; and

WHEREAS, on May 21, 2013, the Chief Operating Officer and the Financial Management Director provided the City Council with their May Revision to the Fiscal Year 2014 Proposed Budget (May Revision); and

WHEREAS, on June 5, 2013, the Independent Budget Analyst's Final Budget Report and Recommendations on the FY 2014 Budget (IBA Review of the FY 2014 May Revise and Recommended Revisions to the Mayor's FY 2014 Budget) was issued; and

WHEREAS, on June 10, 2013, the City Council approved the City's Fiscal Year 2014 Budget, including the Mayor's Proposed Budget, as modified by the May Revision, the Supplemental May Revise, and including the recommendations in the IBA Final Report on the FY 2014 Budget, dated June 5, 2013, 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

WHEREAS, on June 19, 2013 the Mayor approved the Fiscal Year 2014 Budget, in accordance with Charter section 290(b)(2)(A); and

WHEREAS, in accordance with Charter section 290(b)(2), on June 19, 2013 the Fiscal Year 2014 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 2014 Budget; and

WHEREAS, the Mayor and the Council acknowledge that the Fiscal Year 2014 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, the City Council adopted Ordinance 20084 on August 4, 2011, which outlined amendments to the Municipal Code in regard to reporting mid-year budget adjustments to address any projected surplus or deficit in addition to reporting significant reductions in programs or services; 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 2014 Budget in light of the respective duties of the Mayor as Chief Executive Officer and Chief Budget 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;

WHEREAS, the City Council adopted Resolution 307737 on October 15, 2012, with the Mayor subsequently signing the Resolution on October 23, 2012, establishing ten fundamental principles for an effective, cooperative and transparent Mayor-Council form of government in the City of San Diego ("Ten Fundamental Principles").

Accordingly, the Mayor and the Council hereby agree to adhere to the following budgetary principles for the Fiscal Year 2014 Budget:

Fiscal Year 2014 Budget---Communication on Proposed Program / Service Changes

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. Consistent with O-20084, prior to any reduction in service levels or elimination of programs or services as represented and funded in the FY 2014 Adopted Budget, the Mayor, or designee, shall provide written notice to the City Council regarding such reductions and provide a fiscal justification thereof and a description of expected service levels impacts.

4. Notwithstanding the forgoing, the Mayor need not provide prior written notice of any change or modification that results in a more efficient delivery of public services and that accomplishes the legislative intent. However, in these circumstances the Mayor is requested to provide the Council with an informational memo upon implementation.

Fiscal Year 2014 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 2014 Budget.
2. The Mayor shall in good faith fulfill the legislative intent reflected in the adopted Fiscal Year 2014 Budget, including the appropriations reflected in the Fiscal Year 2014 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 2014 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.
4. In accordance with Charter sections 28 and 81, the Mayor has the authority to allocate Fiscal Year 2014 Budget appropriations within departments in order to best carry out the Council's legislative intent.
5. The Appropriation Ordinance implements the Fiscal Year 2014 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.
6. The Statement of Budgetary Principles applies to departments and programs that are under the direction and authority of the Mayor. These Principles shall also apply to those offices that are independent of the Mayor. This Statement of Budgetary Principles is subject in all respects to the provisions of the City Charter.

Fiscal Year 2014 Budget – “Budget-Related Fundamental Principles for an Effective, Cooperative, and Transparent Mayor-Council Form of Government” applying to budget implementation

1. The “Structural Budget Deficit Principles” adopted by Council on February 22, 2010 and outlined in Resolution 305615 should be continually adhered to ensuring a structurally balanced budget.
2. The Mayor will update the City’s Five-Year Financial Outlook in November 2013 and present the results to the Budget and Finance Committee and City Council.
3. Starting in Fiscal Year 2015, the Mayor will issue quarterly stand-alone “City of San Diego Quarterly Performance Reports” to the City Council, which will also be made available on the City’s website.
4. The Mayor will address the City's deferred capital backlog by implementing funded projects in a timely and cost effective manner and working with the Council to identify resources necessary to address remaining unfunded deferred capital as well as new infrastructure needs.

Passed by the Council of The City of San Diego on JUL 30 2013, by the following vote:

Councilmembers	Yeas	Nays	Not Present	Recused
Sherri Lightner	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Kevin Faulconer	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Todd Gloria	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Myrtle Cole	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mark Kersey	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lorie Zapf	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Scott Sherman	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
David Alvarez	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Marti Emerald	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Date of final passage AUG 05 2013

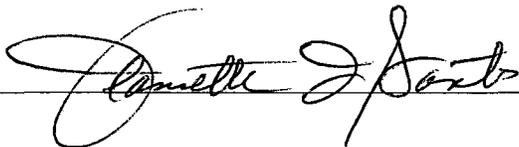
(Please note: When a resolution is approved by the Mayor, the date of final passage is the date the approved resolution was returned to the Office of the City Clerk.)

AUTHENTICATED BY:

BOB FILNER
Mayor of The City of San Diego, California.

(Seal)

ELIZABETH S. MALAND
City Clerk of The City of San Diego, California.

By , Deputy

Office of the City Clerk, San Diego, California

Resolution Number R- **308398**

ORDINANCE NUMBER O- 20289 (NEW SERIES)

DATE OF FINAL PASSAGE JUL 30 2013

AN ORDINANCE ADOPTING THE ANNUAL BUDGET FOR FISCAL YEAR 2014 AND APPROPRIATING THE NECESSARY MONEY TO OPERATE THE CITY OF SAN DIEGO FOR SAID FISCAL YEAR.

WHEREAS, San Diego City Charter (Charter) section 71 requires that the form, arrangement and itemization of the Appropriation Ordinance be determined and prescribed by the Chief Financial Officer and the City Attorney; and

WHEREAS, in accordance with Charter section 290, the annual Salary Ordinance and the adopted budget are controlling documents for the preparation of the Appropriation Ordinance; and

WHEREAS, on May 14, 2013, Ordinance No. O-20260, was approved by the City Council in accordance with Charter section 290 and on June 25, 2013, Ordinance No. O-20272, was approved by the City Council as an amendment to Ordinance No. O-20260. Ordinance No. O-20260 and Ordinance No. O-20272 are, collectively, the Salary Ordinance.

WHEREAS, on June 19, 2013, the Mayor approved R-308247 (Budget Resolution), adopting the Fiscal Year 2014 Budget and exercising his line item veto on certain items approved by the City Council; and

WHEREAS, on June 25, 2013, the City Council reconsidered the Mayor's line item veto but there were insufficient votes to override the Mayor's veto; and

WHEREAS, on June 28, 2013, the Board of Administration of the San Diego City Employees' Retirement System declined to adopt a revised actuarial valuation which would have reduced the City's required pension contribution; and

WHEREAS, certain items approved by the City Council, identified as items c, d, e, and f in the Budget Resolution, were dependent on realizing budgetary savings resulting from a reduced pension contribution and such items are not included in the Fiscal Year 2014 Adopted Budget (Adopted Budget) because the pension contribution was not reduced, NOW, THEREFORE,

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, 2013, and ending June 30, 2014 (Fiscal Year), heretofore prepared and submitted to this City Council by the Mayor 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.

A. GENERAL FUND

1. 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.
2. The provisions in the Library Ordinance, San Diego Municipal Code section 22.0228, restricting funding are hereby waived.
3. The CFO is authorized to transfer appropriations for costs avoided in one department by a mutual agreement to incur them in another department.

4. 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).
5. 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.
6. City Council Community Projects, Programs and Services
 - (a) The City Council Community Projects, Programs and Services funds shall be administered in accordance with Council Policy 100-06.
 - (b) 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 improvement projects to implement the project, program or service identified by the Councilmember.

(c) 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.

7. The CFO is authorized to modify revenue and expenditure appropriations for the purpose of transferring funds to Civic San Diego in accordance with any approved adjustments to the Fiscal Year 2014 Budget for Civic San Diego, solely in its capacity as the designated successor agency to the former Redevelopment Agency (Successor Agency).

B. SPECIAL REVENUE FUNDS

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

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

2. The Mayor or his designee is hereby authorized to execute appropriate agreements for the conduct of activities associated with the allocations for Fiscal Year 2014. It is the intent of the City Council that the Transient Occupancy Tax Fund appropriations be expended in accordance with Council Policy 100-03.

3. Environmental Growth Funds (Funds Nos. 200110, 200111, 200109)
 - (a) 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.
 - (b) 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.

4. Maintenance Assessment District Funds
 - (a) The CFO is authorized to transfer allocations from contributing Maintenance Assessment District (MAD) Funds excess revenue or reserves to increase the appropriations to reimburse the MAD Management Fund (Fund No. 200023) accordingly, in the event

that actual expenses related to administration exceed budgeted levels.

- (b) The CFO is authorized to appropriate and expend any monies deposited in the MAD Funds in excess of estimated revenue and any carryover monies from the previous fiscal year for which said Fund(s) was created.
- (c) The CFO is authorized to transfer Capital Improvements Program (CIP) appropriations and any remaining fund balances from the MAD Capital Projects Funds to the appropriate MAD Funds, where the reallocation does not change the CIP project budget nor the funding source, and close the MAD Capital Projects Funds.

MAD	CIP Fund No.	MAD Fund No.
Camino Santa Fe	200624	200081
Carmel Valley	200620	200033
Del Mar Terrace	200060	200059
El Cajon Boulevard	200050	200095
First SD River Improvement Project	200054	200053
Genesee/No. Torrey Pines Road	200623	200068
Mira Mesa	200621	200037
North Park	200064	200063
Penasquitos East	200628	200039
Park Village	200043	200042
Rancho Bernardo	200622	200038
Talmadge	200077	200076

5. 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.

6. 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.

C. CAPITAL PROJECTS FUNDS AND CAPITAL IMPROVEMENTS PROGRAM

1. The CFO is authorized to add maintenance projects funded elsewhere which are determined to be of a capital nature to the CIP.
2. The CFO is authorized to close completed CIP projects and transfer unexpended balances to the underfunded projects (Attachment III) in priority order, contingent upon eligibility for the funding source and up to the maximum amount listed, or to the appropriate Unallocated Reserve, Annual Allocation or Fund Balance.
3. 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 CIP projects to support remaining project costs in excess of approved appropriations in order to complete and/or close the project.
4. 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 CIP 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.

5. The CFO is authorized to reallocate revenue sources between CIP 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.
6. Facilities Benefit Assessment Funds and Development Impact Fee Funds (Fund Nos. 400080-400095, 400111-400136, 400097-400110)
 - (a) The CFO is authorized to modify individual project appropriations and/or add new projects to the CIP in accordance with City Council-approved Community Public Facilities Financing Plans provided funding is available for such action.
 - (b) 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.
 - (c) The CFO is authorized to appropriate in the Facilities Benefit Assessment Funds (FBA) and DIF funds a sufficient and necessary

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

7. 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.

8. The CFO is authorized to appropriate and expend interest earnings from any bond construction funds for the purpose of transferring bond construction fund interest earned to support debt service payments as permitted in the respective bond indenture(s).
9. The CFO is authorized to transfer unexpended capital bond fund appropriations from completed and closed CIP projects to an Annual Allocation for the same asset type (e.g., facilities, streets or storm drains) in order to expedite the expenditure of capital bond funds.

D. ENTERPRISE FUNDS

1. All Enterprise Funds are hereby appropriated for the purpose of providing for the operation, maintenance and development of their respective purposes.
2. 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.

3. Water Funds (Fund Nos. 700011, 700010) and Sewer Funds (Fund Nos. 700000, 700001, 700008, 700009)
 - (a) The CFO may reallocate appropriations and associated encumbrances from any City Council approved budgeted project in the CIP 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.
 - (b) The CFO is authorized to increase expenditure appropriations for the purpose of implementing the Metropolitan Wastewater Department and Water Department Fiscal Years 2011 and prior Memorandums of Understanding for Bid to Goal Public Contract Operations Agreements.
 - (c) The CFO is authorized to transfer CIP appropriations and associated fund balances from the Water and Sewer operating funds (Fund Nos. 700011, 700000, 700001) into Water and Sewer CIP funds (Fund Nos. 700010, 700008, 700009) where the reallocation does not change the CIP project budget nor the funding source.

E. INTERNAL SERVICE FUNDS

1. 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.

2. Equipment Operating Fund (Fund No. 720000) and Equipment Replacement Funds.

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.

3. 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.

F. 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.

G. 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 June 30, 2014, 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 requirement to use funds within 18 months of the start of the fiscal year for which the funds are allocated.
- (b) The CFO is authorized to transfer funds allocated to projects that have been completed, or where any portion has been deemed ineligible upon written confirmation from the sub-recipient or the CDBG Program office or in accordance with section 2.C.2 for the City's CIP projects, to Unobligated CDBG Funds to be reappropriated by the City Council.
- (c) In accordance with section 2.C.3 herein, the CFO is authorized to transfer and appropriate a maximum of \$100,000 per City CIP project from Unobligated CDBG Funds or excess program income to projects for eligible costs, such as engineering, in excess of previously approved appropriations.

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 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 CIP 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.

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 \$2,795,250,003 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.

Section 12. The CFO is authorized and directed to modify appropriations in accordance with the Fiscal Year 2014 Tax Rate Ordinance as approved by Council.

Section 13. The CFO is authorized and directed to close obsolete or inactive funds and appropriate and expend for the purpose of returning residual balances of such funds to their source or, if the source cannot be determined, to the General Fund. 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.

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  _____
Brian C. Will
Deputy City Attorney

BCW:jdf
6/28/2013
Or.Dept: Mayor
Doc. No.: 589726_2

Attachment I

Passed by the Council of The City of San Diego on JUL 30 2013, by the following vote:

Council Members	Yeas	Nays	Not Present	Recused
Sherrri Lightner	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Kevin Faulconer	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Todd Gloria	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Myrtle Cole	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mark Kersey	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lorie Zapf	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Scott Sherman	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
David Alvarez	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Marti Emerald	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Date of final passage JUL 30 2013.

AUTHENTICATED BY:

BOB FILNER
Mayor of The City of San Diego, California.

(Seal)

ELIZABETH S. MALAND
City Clerk of The City of San Diego, California.
By [Signature], Deputy

I HEREBY CERTIFY that the foregoing ordinance was passed on the day of its introduction, to wit, on JUL 30 2013, said ordinance being of the kind and character authorized for passage on its introduction by Section 16 of the Charter.

~~I FURTHER CERTIFY that the final reading of said ordinance was read in full.~~

I FURTHER CERIFY that the reading of said ordinance in full was dispensed with by a vote of not less than a majority of the members elected to the Council, and that there was available for the consideration of each member of the Council and the public prior to the day of its passage a written or printed copy of said ordinance.

(Seal)

ELIZABETH S. MALAND
City Clerk of The City of San Diego, California.
By [Signature], Deputy

Office of the City Clerk, San Diego, California
Ordinance Number 20289

ATTACHMENT I
Fiscal Year 2014 Operating and Capital Appropriations

OPERATING APPROPRIATIONS	Salary & Wages	Fringe & Non- Personnel	FY 2014 Appropriation
General Fund			
Administration	\$ 794,392	\$ 1,007,993	\$ 1,802,385
City Attorney	\$ 24,719,948	\$ 20,969,495	\$ 45,689,443
City Auditor	\$ 1,774,967	\$ 2,113,818	\$ 3,888,785
City Clerk	\$ 2,337,456	\$ 2,977,251	\$ 5,314,707
City Comptroller	\$ 5,779,668	\$ 5,256,177	\$ 11,035,845
City Treasurer	\$ 6,486,559	\$ 14,008,924	\$ 20,495,483
Citywide Program Expenditures	-	\$ 66,071,801	\$ 66,071,801
Civic & Urban Initiatives	\$ 320,000	\$ 625,987	\$ 945,987
Council Administration	\$ 940,066	\$ 956,127	\$ 1,896,193
Council District 1	\$ 443,263	\$ 593,454	\$ 1,036,717
Council District 1 - CPPS	-	\$ 99,872	\$ 99,872
Council District 2	\$ 504,990	\$ 509,978	\$ 1,014,968
Council District 2 - CPPS	-	\$ 114,128	\$ 114,128
Council District 3	\$ 565,032	\$ 551,664	\$ 1,116,696
Council District 3 - CPPS	-	\$ 127,446	\$ 127,446
Council District 4	\$ 456,575	\$ 633,820	\$ 1,090,395
Council District 4 - CPPS	-	\$ 248,440	\$ 248,440
Council District 5	\$ 604,933	\$ 501,937	\$ 1,106,870
Council District 5 - CPPS	-	\$ 285,933	\$ 285,933
Council District 6	\$ 641,446	\$ 435,797	\$ 1,077,243
Council District 6 - CPPS	-	\$ 120,558	\$ 120,558
Council District 7	\$ 724,619	\$ 366,951	\$ 1,091,570
Council District 7 - CPPS	-	\$ 151,175	\$ 151,175
Council District 8	\$ 663,419	\$ 481,847	\$ 1,145,266
Council District 8 - CPPS	-	\$ 98,422	\$ 98,422
Council District 9	\$ 523,729	\$ 559,394	\$ 1,083,123
Council District 9 - CPPS	-	\$ 124,684	\$ 124,684
Debt Management	\$ 1,380,395	\$ 1,067,416	\$ 2,447,811
Department of Information Technology	-	\$ 2,600,000	\$ 2,600,000
Development Services	\$ 6,767,534	\$ 8,281,226	\$ 15,048,760
Economic Development	\$ 2,935,771	\$ 10,008,851	\$ 12,944,622
Environmental Services	\$ 7,750,854	\$ 28,418,991	\$ 36,169,845
Ethics Commission	\$ 407,345	\$ 569,989	\$ 977,334
Financial Management	\$ 2,232,883	\$ 1,858,721	\$ 4,091,604
Fire-Rescue	\$ 111,400,921	\$ 111,278,385	\$ 222,679,306
General Fund Appropriated Reserve	-	\$ 2,000,000	\$ 2,000,000
Human Resources	\$ 1,624,459	\$ 1,366,403	\$ 2,990,862

Attachment I

OPERATING APPROPRIATIONS (continued)	Salary & Wages	Fringe & Non-Personnel	FY 2014 Appropriation
General Fund (continued)			
Library	\$ 17,511,567	\$ 26,300,350	\$ 43,811,917
Multimedia Services	\$ 324,083	\$ 364,908	\$ 688,991
Office of ADA Compliance & Accessibility	\$ 310,301	\$ 317,162	\$ 627,463
Office of Homeland Security	\$ 872,076	\$ 863,129	\$ 1,735,205
Office of the Assistant COO	\$ 636,983	\$ 654,056	\$ 1,291,039
Office of the Chief Financial Officer	\$ 459,264	\$ 531,267	\$ 990,531
Office of the Chief Operating Officer	\$ 316,014	\$ 252,616	\$ 568,630
Office of the IBA	\$ 1,019,109	\$ 756,197	\$ 1,775,306
Office of the Mayor	\$ 1,897,154	\$ 1,774,079	\$ 3,671,233
Park & Recreation	\$ 31,608,020	\$ 58,359,960	\$ 89,967,980
Personnel	\$ 3,668,058	\$ 3,344,135	\$ 7,012,193
Police	\$ 205,282,363	\$ 213,260,549	\$ 418,542,912
Public Utilities	-	\$ 1,969,446	\$ 1,969,446
Public Works - Contracting	\$ 1,125,965	\$ 981,269	\$ 2,107,234
Public Works - Engineering & Capital Projects	\$ 32,856,604	\$ 29,050,659	\$ 61,907,263
Public Works - General Services	\$ 6,320,654	\$ 10,509,421	\$ 16,830,075
Purchasing & Contracting	\$ 2,457,453	\$ 2,347,230	\$ 4,804,683
Real Estate Assets	\$ 2,066,062	\$ 2,786,288	\$ 4,852,350
Transportation & Storm Water	\$ 24,340,079	\$ 67,772,390	\$ 92,112,469
General Fund Total	\$ 515,853,033	\$ 709,638,166	\$ 1,225,491,199
Capital Project Funds			
Capital Outlay Fund	-	\$ 3,210,001	\$ 3,210,001
TransNet Extension Administration & Debt Fund	-	\$ 291,792	\$ 291,792
TransNet Extension Congestion Relief Fund	-	\$ 1,267,600	\$ 1,267,600
TransNet Extension Maintenance Fund	-	\$ 8,666,218	\$ 8,666,218
Capital Project Funds Total	-	\$ 13,435,611	\$ 13,435,611
Debt Service and Tax Funds			
Tax and Revenue Anticipation Notes Fund	-	\$ 2,630,000	\$ 2,630,000
Debt Service and Tax Funds Total	-	\$ 2,630,000	\$ 2,630,000
Enterprise Funds			
Airports Fund	\$ 961,435	\$ 4,830,062	\$ 5,791,497
Development Services Fund	\$ 20,879,427	\$ 25,036,036	\$ 45,915,463
Golf Course Fund	\$ 4,131,412	\$ 11,538,672	\$ 15,670,084
Recycling Fund	\$ 5,624,235	\$ 17,668,062	\$ 23,292,297
Refuse Disposal Fund	\$ 8,119,666	\$ 23,813,330	\$ 31,932,996
Sewer Funds	\$ 50,968,640	\$ 288,400,854	\$ 339,369,494
Water Utility Operating Fund	\$ 39,633,086	\$ 399,657,460	\$ 439,290,546
Enterprise Funds Total	\$ 130,317,901	\$ 770,944,476	\$ 901,262,377

Attachment I

OPERATING APPROPRIATIONS (continued)	Salary & Wages	Fringe & Non- Personnel	FY 2014 Appropriation
Internal Service Funds			
Central Stores Fund	\$ 820,638	\$ 12,536,146	\$ 13,356,784
Energy Conservation Program Fund	\$ 954,703	\$ 1,397,025	\$ 2,351,728
Fleet Services Operating Fund	\$ 9,439,485	\$ 42,343,802	\$ 51,783,287
Fleet Services Replacement Fund	-	\$ 22,461,956	\$ 22,461,956
Publishing Services Fund	\$ 462,975	\$ 2,841,152	\$ 3,304,127
Risk Management Administration Fund	\$ 4,446,391	\$ 5,363,908	\$ 9,810,299
Internal Service Funds Total	\$ 16,124,192	\$ 86,943,989	\$ 103,068,181
Special Revenue Funds			
Automated Refuse Container Fund	-	\$ 800,000	\$ 800,000
Concourse and Parking Garages Operating Fund	\$ 121,369	\$ 2,545,922	\$ 2,667,291
Convention Center Expansion Administration Fund	-	\$ 13,977,450	\$ 13,977,450
Environmental Growth 1/3 Fund	-	\$ 3,962,339	\$ 3,962,339
Environmental Growth 2/3 Fund	-	\$ 8,229,966	\$ 8,229,966
Facilities Financing Fund	\$ 1,028,411	\$ 1,081,663	\$ 2,110,074
Fire and Lifeguard Facilities Fund	-	\$ 1,426,431	\$ 1,426,431
Fire/Emergency Medical Services Transport Program Fund	\$ 3,117,093	\$ 8,399,402	\$ 11,516,495
Gas Tax Fund	-	\$ 20,738,091	\$ 20,738,091
GIS Fund	\$ 117,460	\$ 1,467,578	\$ 1,585,038
Information Technology Fund	\$ 3,173,718	\$ 7,059,586	\$ 10,233,304
Junior Lifeguard Program Fund	\$ 70,863	\$ 525,164	\$ 596,027
Local Enforcement Agency Fund	\$ 339,953	\$ 539,302	\$ 879,255
Los Penasquitos Canyon Preserve Fund	\$ 110,832	\$ 110,421	\$ 221,253
Maintenance Assessment District (MAD) Funds	\$ 1,503,522	\$ 33,247,872	\$ 34,751,394
Mission Bay/Balboa Park Improvement Fund	-	\$ 2,069,234	\$ 2,069,234
New Convention Facility Fund	-	\$ 3,405,000	\$ 3,405,000
OneSD Support Fund	\$ 1,776,540	\$ 19,408,677	\$ 21,185,217
PETCO Park Fund	\$ 113,561	\$ 17,291,488	\$ 17,405,049
Police Decentralization Fund	-	\$ 5,120,000	\$ 5,120,000
Prop 42 Replacement - Transportation Relief Fund	-	\$ 17,478,416	\$ 17,478,416
Public Art Fund	-	\$ 102,814	\$ 102,814
Public Safety Needs & Debt Service	-	\$ 8,396,967	\$ 8,396,967
QUALCOMM Stadium Operations Fund	\$ 2,054,190	\$ 15,036,247	\$ 17,090,437
Seized Assets - California Fund	-	\$ 10,000	\$ 10,000
Seized Assets - Federal DOJ Fund	-	\$ 1,392,812	\$ 1,392,812
Seized Assets - Federal Treasury Fund	-	\$ 100,000	\$ 100,000
Storm Drain Fund	-	\$ 5,700,000	\$ 5,700,000
Transient Occupancy Tax Fund	\$ 660,246	\$ 86,940,108	\$ 87,600,354
Trolley Extension Reserve Fund	-	\$ 1,179,299	\$ 1,179,299
Underground Surcharge Fund	\$ 164,822	\$ 48,928,114	\$ 49,092,936
Wireless Communications Technology Fund	\$ 2,981,244	\$ 5,888,124	\$ 8,869,368
Zoological Exhibits Fund	-	\$ 10,030,000	\$ 10,030,000
Special Revenue Funds Total	\$ 17,333,824	\$ 352,588,487	\$ 369,922,311
TOTAL OPERATING APPROPRIATIONS	\$ 679,628,950	\$ 1,936,180,729	\$ 2,615,809,679

Attachment I

CAPITAL IMPROVEMENTS PROGRAM APPROPRIATIONS

FY 2014
Appropriation

Airports

AAA00001	Montgomery Field	\$	1,000,000
AAA00002	Brown Field	\$	1,400,000
Airports Total		\$	2,400,000

Environmental Services

ABT00003	Citywide Energy Improvements	\$	200,000
AFA00001	Minor Improvements to Landfills	\$	330,000
AFA00003	Environmental Services Operations Yard Improvement	\$	275,000
Environmental Services Total		\$	805,000

Fire-Rescue

S10029	Fire Station No. 08 - Mission Hills	\$	200,000
Fire-Rescue Total		\$	200,000

Library

S00802	San Ysidro Branch Library	\$	885,000
S13022	Mission Hills-Hillcrest Branch Library	\$	250,000
Library Total		\$	1,135,000

Park & Recreation

AEA00001	Torrey Pines Golf Course	\$	1,100,000
AEA00002	Balboa Park Golf Course	\$	655,000
AEA00003	Mission Bay Golf Course and Practice Center	\$	500,000
AGE00001	Resource-Based Open Space Parks	\$	926,885
AGF00004	Mission Bay Improvements	\$	3,114,678
AGF00006	Coastal Erosion and Access	\$	310,000
L12000	Convert RB Medians-Asphalt to Concrete	\$	125,000
L12001	Talmadge Historic Gates	\$	100,000
L14000	Carmel Valley Landscaping and Irrigation	\$	250,000
L14001	Tierrasanta - Median Conversion	\$	250,000
L14003	Del Mar Terrace Street Improvements	\$	65,000
S00614	Balboa Park Golf Course # Clubhouse	\$	1,100,000
S00673	Home Avenue Park	\$	750,000
S00760	West Maple Canyon Mini-Park	\$	70,000
S00826	El Cajon Boulevard Streetscape Improvements	\$	150,000
S00973	Montgomery Academy Joint Use Improvements	\$	396,000
S00977	Talmadge Streetscape & Lighting Zone 2W	\$	10,000
S00992	Central Avenue Mini Park Acquisition/Development	\$	1,200,000
S01090	Mission Bay Golf Course Practice Cntr Bldg Improve	\$	700,000
S10026	Palisades Park Comfort Station Replacement	\$	400,000
S10035	Pomerado Rd Median Improvements-n/o of R Bernardo	\$	255,090
S10050	North Park Mini-Park and Streetscape Improvements	\$	2,198,675
S10054	Switzer Canyon Bridge Enhancement Prog	\$	5,000
S10091	Sunset Cliffs Natural Pk Hillside Imp Preservation	\$	270,000

CAPITAL IMPROVEMENTS PROGRAM APPROPRIATIONS (continued)		FY 2014 Appropriation
Park & Recreation (continued)		
S11013	San Ysidro Athletic Area & Larsen Field Lighting	\$ 171,300
S11051	Silver Wing Neighborhood Park Sports Fld & Sec Lgt	\$ 130,000
S13000	Tubman Charter School Joint Use Improvements	\$ 200,000
S13001	Trail for All People	\$ 231,000
S13003	Chicano Park ADA Upgrades	\$ 300,000
S14001	Cowles Mountain Access Road Rehabilitation	\$ 25,000
S14002	Chollas Lake Park Playground Improvements	\$ 989,000
S14005	Webster Neighborhood Identification Sign	\$ 40,000
S14006	El Cuervo Adobe Improvements	\$ 250,000
S14008	Bay Terraces Parkside-Greenbelt Lighting	\$ 74,829
S14010	Central Avenue Mini Park Phase II Skate Plaza	\$ 846,950
S14012	Ocean Beach Veterans Memorial	\$ 76,000
	Park & Recreation Total	\$ 18,235,407
Police		
S13100	CAD System Replacement Project	\$ (3,000,000)
	Police Total	\$ (3,000,000)
Public Utilities		
ABI00001	Water Treatment Plants	\$ 1,400,000
ABL00001	Standpipe and Reservoir Rehabilitations	\$ 2,384,688
ABO00001	Metro Treatment Plants	\$ 1,700,000
ABP00001	Pump Station Restorations	\$ 1,250,000
ABP00003	Pump Station 64,65, Penasquitos, E Mission Gorge	\$ 500,000
AJA00001	Sewer Main Replacements	\$ 23,000,000
AJA00002	Pipeline Rehabilitation	\$ 25,306,271
AKA00001	Corrosion Control	\$ 200,000
AKA00003	Large Diameter Water Transmission PPL	\$ 780,113
AKB00003	Water Main Replacements	\$ 12,000,000
L10001	Municipal Facilities Control Systems Upgrade	\$ 1,810,000
S00041	Morena Reservoir Outlet Tower Upgrade	\$ 4,870,768
S00044	Lower Otay Reservoir Emergency Outlet Improvements	\$ 618,572
S00309	NCWRP Sludge Pump Station Upgrade	\$ 150,000
S00310	SBWR Plant Demineralization	\$ 2,656,294
S00312	PS2 Power Reliability & Surge Protection	\$ 351,719
S00315	Point Loma Grit Processing Improvements	\$ 6,162,221
S00322	MBC Biosolids Storage Silos	\$ 339,845
S00323	MBC Odor Control Facility Upgrades	\$ 1,022,262
S00339	MBC Dewatering Centrifuges Replacement	\$ 4,591,817
S11021	University Ave Pipeline Replacement	\$ 1,000,000
S11022	Upas Street Pipeline Replacement	\$ 4,300,000
S11024	Miramar Clearwell Improvements	\$ 2,400,000
S11026	Montezuma Pipeline/Mid-City Pipeline Phase II	\$ 2,000,000
S11027	Otay 1st/2nd PPL Abandon East of Highland Avenue	\$ 900,000

Attachment I

		FY 2014 Appropriation
CAPITAL IMPROVEMENTS PROGRAM APPROPRIATIONS (continued)		
Public Utilities (continued)		
S12008	Catalina 12inch Cast Iron Mains	\$ 600,000
S12009	La Jolla Scenic Drive 16inch Main	\$ 724,089
S12011	69th & Mohawk Pump Station	\$ 279,129
S12015	Pacific Beach Pipeline South (W)	\$ 900,000
S12016	Otay 1st/2nd PPL Abandon West of Highland Avenue	\$ 338,051
S12018	Lower Otay Outlet Tower	\$ 131,327
S12019	Scripps Ranch Pump Station	\$ 1,312,000
S12040	Tierrasanta (Via Dominique) Pump Station	\$ 2,000,000
S13015	Water & Sewer Group Job 816 (W)	\$ 650,000
S13016	Miramar Contract A Roof System Redesign	\$ 4,557,000
S14000	EAM ERP Implementation	\$ 5,628,000
Public Utilities Total		\$ 118,814,166
Public Works - General Services		
ABE00001	Americans with Disabilities Improvements	\$ 1,227,000
Public Works - General Services Total		\$ 1,227,000
QUALCOMM Stadium		
ABG00001	QUALCOMM Stadium	\$ 750,000
QUALCOMM Stadium Total		\$ 750,000
Transportation & Storm Water		
AIA00001	Minor Bike Facilities	\$ 639,000
AID00005	Resurfacing of City Streets	\$ 2,000,000
AID00006	Concrete Streets	\$ 1,500,000
AID00007	Bus Stop Improvements	\$ 100,000
ALG00001	Median Installation	\$ 447,000
AIH00001	Installation of City Owned Street Lights	\$ 834,000
AIK00001	New Walkways	\$ 1,964,959
AIK00002	School Traffic Safety Improvements	\$ 201,890
AIK00003	Sidewalk Repair and Reconstruction	\$ 900,000
AIL00001	Traffic Calming	\$ 1,186,526
AIL00002	Install T/S Interconnect Systems	\$ 2,483,459
AIL00004	Traffic Signals - Citywide	\$ 810,500
AIL00005	Traffic Signals Modification	\$ 1,450,900
RD11001	Via de la Valle Widening	\$ 952,749
RD14000	Fund for the SR 56 expansion fr 4 to 6 lanes	\$ 1,000,000
S00854	Carmel Valley Rd-Via Albutura to Camino Del Sur	\$ 2,420,937
S00863	Georgia Street Bridge Improvements	\$ 1,850,000
S00870	Old Otay Mesa Road- Westerly	\$ 3,000,000
S00877	Torrey Pines Road Slope Restoration	\$ 2,540,000
S00905	State Route 163/Clairemont Mesa Blvd Interchange	\$ 350,000
S00907	Linda Vista Rd at Genesee Intersection Improvement	\$ 50,000
S00913	Palm Avenue Roadway Improvements	\$ 2,403,939
S00914	Sorrento Valley Road & Interstate 5 Interchange	\$ 500,000

CAPITAL IMPROVEMENTS PROGRAM APPROPRIATIONS (continued)

FY 2014
Appropriation

Transportation & Storm Water (continued)

S00915	University Avenue Mobility Project	\$	2,000,000
S00921	Cherokee Street Improvements	\$	1,134,005
S00922	35th & 34th at Madison Avenue Improvements	\$	1,100,000
S00934	Carmel Valley Rd-Lopelia Meadows to Via Abertura	\$	2,000,000
S10015	Torrey Meadows Drive Overcrossing	\$	2,353,887
S11045	Pacific Hwy Obstructed Curb Ramp Barrier Removal	\$	300,000
S14009	SR94/Euclid Av Interchange-Phase 2	\$	400,000
	Transportation & Storm Water Total	\$	38,873,751

TOTAL CAPITAL IMPROVEMENTS PROGRAM APPROPRIATIONS \$ 179,440,324

TOTAL COMBINED APPROPRIATIONS \$ 2,795,250,003

Attachment I

MAINTENANCE ASSESSMENT DISTRICT APPROPRIATIONS

Fund	Maintenance Assessment District Fund	Salary & Wages	Fringe & Non-Personnel	FY 2014 Appropriation
200023	Maintenance Assessment District (MAD) Management Fund	\$ 1,503,522	\$ 2,112,194	\$ 3,615,716
200025	Street Light District #1 MAD Fund	-	\$ 605,351	\$ 605,351
200028	Scripps/Miramar Ranch MAD Fund	-	\$ 1,699,664	\$ 1,699,664
200030	Tierrasanta MAD Fund	-	\$ 2,194,702	\$ 2,194,702
200031	Campus Point MAD Fund	-	\$ 48,664	\$ 48,664
200032	Mission Boulevard MAD Fund	-	\$ 116,965	\$ 116,965
200033	Carmel Valley MAD Fund	-	\$ 3,309,211	\$ 3,309,211
200035	Sabre Springs MAD Fund	-	\$ 371,859	\$ 371,859
200037	Mira Mesa MAD Fund	-	\$ 1,547,458	\$ 1,547,458
200038	Rancho Bernardo MAD Fund	-	\$ 869,592	\$ 869,592
200039	Penasquitos East MAD Fund	-	\$ 522,670	\$ 522,670
200040	Coronado View MAD Fund	-	\$ 35,727	\$ 35,727
200042	Park Village MAD Fund	-	\$ 612,219	\$ 612,219
200044	Eastgate Technology Park MAD Fund	-	\$ 306,238	\$ 306,238
200045	Calle Cristobal MAD Fund	-	\$ 362,140	\$ 362,140
200046	Gateway Center East MAD Fund	-	\$ 295,904	\$ 295,904
200047	Miramar Ranch North MAD Fund	-	\$ 1,866,835	\$ 1,866,835
200048	Carmel Mountain Ranch MAD Fund	-	\$ 571,917	\$ 571,917
200052	La Jolla Village Drive MAD Fund	-	\$ 84,821	\$ 84,821
200053	First SD River Imp. Project MAD Fund	-	\$ 383,151	\$ 383,151
200055	Newport Avenue MAD Fund	-	\$ 59,895	\$ 59,895
200056	Linda Vista Community MAD Fund	-	\$ 291,196	\$ 291,196
200057	Washington Street MAD Fund	-	\$ 125,499	\$ 125,499
200058	Otay International Center MAD Fund	-	\$ 490,838	\$ 490,838
200059	Del Mar Terrace MAD Fund	-	\$ 97,606	\$ 97,606
200061	Adams Avenue MAD Fund	-	\$ 53,194	\$ 53,194
200062	Carmel Valley NBHD #10 MAD Fund	-	\$ 461,831	\$ 461,831
200063	North Park MAD Fund	-	\$ 673,021	\$ 673,021
200065	Kings Row MAD Fund	-	\$ 15,604	\$ 15,604
200066	Webster-Federal Boulevard MAD Fund	-	\$ 75,612	\$ 75,612
200067	Stonecrest Village MAD Fund	-	\$ 1,020,912	\$ 1,020,912
200068	Genesee/North Torrey Pines Road MAD Fund	-	\$ 549,602	\$ 549,602
200070	Torrey Hills MAD Fund	-	\$ 1,683,589	\$ 1,683,589
200071	Coral Gate MAD Fund	-	\$ 202,094	\$ 202,094
200074	Torrey Highlands MAD Fund	-	\$ 769,810	\$ 769,810
200076	Talmadge MAD Fund	-	\$ 295,144	\$ 295,144
200078	Central Commercial MAD Fund	-	\$ 333,497	\$ 333,497
200079	Little Italy MAD Fund	-	\$ 878,743	\$ 878,743
200080	Liberty Station/NTC MAD Fund	-	\$ 211,063	\$ 211,063
200081	Camino Santa Fe MAD Fund	-	\$ 160,154	\$ 160,154
200083	Black Mountain Ranch South MAD Fund	-	\$ 810,907	\$ 810,907
200084	College Heights Enhanced MAD Fund	-	\$ 435,118	\$ 435,118

MAINTENANCE ASSESSMENT DISTRICT APPROPRIATIONS (continued)		Salary & Wages	Fringe & Non- Personnel	FY 2014 Appropriation
200086	C&ED MAD Management Fund	- \$	225,000	\$ 225,000
200087	City Heights MAD Fund	- \$	303,303	\$ 303,303
200089	Black Mountain Ranch North MAD Fund	- \$	607,497	\$ 607,497
200091	Bay Terraces - Parkside MAD Fund	- \$	136,726	\$ 136,726
200092	Bay Terraces - Honey Drive MAD Fund	- \$	31,446	\$ 31,446
200093	University Heights MAD Fund	- \$	80,139	\$ 80,139
200094	Hillcrest MAD Fund	- \$	35,194	\$ 35,194
200095	El Cajon Boulevard MAD Fund	- \$	522,544	\$ 522,544
200096	Ocean View Hills MAD Fund	- \$	864,934	\$ 864,934
200097	Robinhood Ridge MAD Fund	- \$	157,800	\$ 157,800
200098	Remington Hills MAD Fund	- \$	62,076	\$ 62,076
200099	Pacific Highlands Ranch MAD Fund	- \$	437,476	\$ 437,476
200101	Rancho Encantada MAD Fund	- \$	370,805	\$ 370,805
200103	Bird Rock MAD Fund	- \$	227,830	\$ 227,830
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 Fund	- \$	130,449	\$ 130,449
200707	Barrio Logan Community Benefit MAD Fund	- \$	636,431	\$ 636,431
MAINTENANCE ASSESSMENT DISTRICT TOTAL		\$ 1,503,522	\$ 33,247,872	\$ 34,751,394

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

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.

Attachment III

Underfunded CIP Projects to Receive Funding from Closed Projects

No.	Project	Amount
1	Children's Pool / S00644 Environmental Services Operations Yard Improvement / AFA00003	\$ 50,000
2	Miramar Roof Replacement / BXXXXX ¹	135,000
3	Miramar Employee Drainage / B13188	140,000
4	University Village Tot Lot / S13005	150,000
5	North Ocean Beach Gateway Phase II / S12041	201,000
6	La Jolla Cove Lifeguard Station / S00792	250,000
7	Silver Wing Neighborhood Park Sports Field / S11051	600,000
8	Mission Bay Athletic Area Comfort Station / S10021	820,000
9	Old Otay Mesa Road- Westerly / S00870	2,000,000
10	Fire Station No. 22 - Point Loma / S00787	40,000
11	Fire Station No. 17 - Mid-City / S00783	40,000
12	Fire Station No. 5 - Hillcrest / S00788	40,000
13	South Mission Beach Lifeguard Station / S00791	50,000
14	Metro Treatment Plants / ABO00001	200,000
15	AA-Corrosion / AKA00001	401,057
16	69th and Mohawk Pump Station / S12011	430,000
17	Skyline/Paradise Hills / S00687	600,000
18	Paradise Hills No. 54 / S00785	600,000
19	Ocean Beach Life Guard Station / S10121	600,000
20	Water Treatment Plants / ABI00001	900,000

¹ Subproject has not yet been created