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Office of
Councilmember Toni Atkins

COUNCIL PRESIDENT SCOTT PETERS
FIRST DISTRICT

MEMORANDUM

)ATE: January 10, 2006

'O: Councilmember Toni Atkins

'ROM: Council President Scott Peters

;UBJECT: Budget Priorities

In anticipation of the Budget hearing on January 18, 2005, I respectfully submit the following list of issues for consideration by the Budget and Finance Committee. In the upcoming budget discussions, it is ''ely that the City Council will face difficult budget decisions and I want to make sure we have a co. .prehensive view of the City's assets and liabilities.

Budget Priorities:

1) FY 2007 Budget that reflects true overtime, supplemental employees and non-budgeted positions costs.

2) Review of City leases and real estate holdings. This would include Qualcomm and Sport Arena sites. Also include an analysis of real estate transfer fees.

3) Updated list of public safety deficiencies including communications systems, equipment, facilities and personnel costs.

4) Updated list of public infrastructure costs including deficiencies in streets, sidewalks, public buildings and parks.

5) Review of allocation of tobacco settlement revenue.

6) Securing additional revenue from state. This would include booking fees, property tax revenues and grants.

6) Savings from consolidated City employee/retiree health insurance.

Proper fees structures for city services. This would include recreation, parking, trash, real estate and other services provided by the city.

8) Forecasted future general fund budget v. Employee Retirement Fund Actuarial Required Contribution (15 and 30 year amortization).

9) Clean water cost assessment including costs associated with regulatory compliance, storm drain fees, Point Loma outfall and improved sewer and water infrastructure.

Attachment

cc The Honorable Mayor Jerry Sanders (w/attachment)
Honorable City Councilmembers (w/attachment)
Honorable City Attorney (w/attachment)
Andrea Tevlin, Independent Budget Analyst (w/attachment)
Jay Goldstone, Chief Financial Officer (w/attachment)

COUNCILMEMBER SCOTT PETERS
DISTRICT ONE

MEMORANDUM

DATE: December 20, 2005

TO: Honorable Councilmembers

FROM: Councilmember Scott Peters

SUBJECT: Budget Priorities for FY 2007

As a result of the change from City Manager to Council/Mayor form of government, the roles and responsibilities of City officials related to the adoption of the annual budget will change.

Charter § 265(b)(15) requires the Mayor to propose a budget to the City Council and the public by April 15 of each year. The City Council will then hold public hearings prior to adopting or modifying the budget and returning it to the Mayor. On June 16, 2005, the Mayor-Council Transition Committee recommended that in addition to these requirements, the Council would create a standing Budget and Finance committee and would, by resolution, adopt its budgetary priorities for submission to the Mayor by February 1st of each year.

As the inaugural legislative body for this new form of government, we have the opportunity and responsibility to work together to address the fiscal issues that have plagued the City of San Diego for many years. As we start the Fiscal Year 2007 Budget Process, it is essential that we look to protect core City services provided to our citizens while developing long term solutions that put the City on the road to fiscal health. While we do not yet have the Mayor's latest budget projections, and there are many unknowns, it is essential at this early step in the process that we keep an eye toward fiscal restraint. Please consider, as in previous fiscal years, that ongoing expenditures could outpace revenue growth.

In order to facilitate the Council's adoption of recommendations to the Mayor, I ask that each Councilmember submit a list of budget priorities to Councilmember Toni Atkins, Chair of the Budget Committee, by January 11, 2006, for discussion at the Budget committee meeting on January 18, 2006. I anticipate a discussion and vote on a resolution at the full City Council on January 23 or January 30 in order to provide a list of budget priorities to Mayor Sanders by February 1, 2006.

We will likely be called upon to make very difficult decisions as we move through the process. I have great confidence that we will join together to establish a foundation that will restore San Diego's

financial footing. I look forward to working with you, Mayor Sanders and the entire organization to address these critical issues.

cc: Honorable Mayor Jerry Sanders
City Manager Ronne Froman
Andrea Tevlin, Director, IBA Office

COUNCILMEMBER KEVIN FAULCONER
CITY OF SAN DIEGO
DISTRICT TWO

MEMORANDUM

DATE: January 25, 2006

TO: Councilmember Toni Atkins, Chair Budget & Finance Committee
Honorable Councilmembers

FROM: Councilmember Kevin Faulconer

SUBJECT: Budget Priorities for FY 2007

In the coming fiscal year, it is my hope that we can focus on the following areas:

- Improving the transparency of city leases and increasing lease revenues
- Achieving savings through increased operational efficiencies
- Increasing public safety by funding police and fire at appropriate levels
- Determining a realistic plan for financial recovery of the pension system
- Preparing a budget that reflects an honest estimate of overtime expenses
- Obtaining a more equitable portion of funding from the State especially the statewide infrastructure bond
- Developing a plan to address State and Federal water and sewer infrastructure requirements
- Restoring the City's credit rating
- Re-establishing revenues to Mission Bay in a manner consistent with Council policy
- Expanding the hours of operation for recreation centers and pools

In addition, it will be crucial for us to develop realistic one, three and five year plans for the following:

- Funding of retiree health benefits
- Upgrading police & fire communication systems
- Replacing our fleet of fire trucks
- Addressing the canyon water and sewer replacement needs
- Identifying funding sources for the City's Homeland Security requirements
- Repairing of streets, sidewalks, public buildings and parks
- Providing equipment and operating budgets necessary to achieve national emergency response time standards

OFFICE OF COUNCILMEMBER TONI ATKINS
THIRD DISTRICT
City of San Diego

MEMORANDUM

DATE: January 11, 2006

TO: Honorable Members of the City Council

FROM: Councilmember Toni Atkins

SUBJECT: Budget Priorities for Fiscal Year 2007

With recognition for our city's serious budget constraints in the current and upcoming fiscal years, I respectfully submit the following priorities for consideration during the fiscal year 2007 budgeting process:

- Fully fund **Unfunded Actuarial Accrued Liability** and **retiree health benefits**.
- Adequately reflect **public safety** costs, including more accurate overtime estimates, academy classes needed to stabilize staffing levels, and equipment.
- Move toward technological upgrades to the city's **financial and auditing systems** that invest money in technology to support improved financial monitoring, disclosure, transparency, and decision making.
- Work on a strategy and timeline for beginning to update the city's **community plans**, most of which are significantly out of date, impacting development and interfering with the community financing plan.
- Maintain current levels of funding for the **Storefront Improvement Program** and small, local businesses.
- Maintain current funding for the **Historical Resources Board**.
- Maintain current funding for the city's **special events program**.

Understanding that it is unrealistic to speak of restoring recent budget and service cuts in FY2007, I would request that we maintain at least the current levels of funding for and make *no new cuts* to the following services and programs:

- **Police storefronts and community service officers**
- **Graffiti control**
- **Neighborhood code compliance**
- **Pool and recreation center hours**
- **Library hours**
- **Tree-trimming services**

Should revenue become available, I would request that the council discuss priorities for restoring funding, and that the above-named services receive priority consideration. In addition, when the mayor has completed his department-by-department analysis of city services delivery, I would request that the council receive a report on any expected cost savings and how they will be used to improve community services. I also would request that the following items receive priority for newly available funding:

- **Public safety** programs according to the priorities of the Public Safety Plan.
- A phased program for developing a comprehensive management plan to map, survey, and dedicate San Diego's **urban canyons**.

Last, I would urge consideration of the following infrastructure priorities:

- No further cuts to **sidewalk repair and maintenance**, and continued funding through current programs such as the 50-50 incentive program.
- Preparation of a prioritized list of **deferred maintenance projects**, including those at city-owned facilities, such as the Old Globe Theatre's roof, that the city has a responsibility to maintain.
- Incorporation of building materials inflation into existing **capital improvement project** (CAP) budgets that reflects the continued worldwide rise in construction costs and more accurately gauges expected expenses.
- Preparation of a plan to implement a **street resurfacing program** that addresses the significant decline of the past five years. The 2002 study noted that the city would then need to spend $60 million per year for five years to bring streets to an acceptable level. In the three years since the study, streets have continued to deteriorate while construction costs have risen dramatically.

cc: Honorable Mayor and City Councilmembers
Honorable City Attorney
Andrea Tevlin, Independent Budget Analyst
Jay Goldstone, Chief Financial Officer

CITY OF SAN DIEGO
OFFICE OF COUNCIL PRESIDENT PRO TEM ANTHONY YOUNG
MEMORANDUM

DATE: January 17, 2005

TO: Council Member Toni Atkins, Chair, Budget and Finance Committee

FROM: Councilman President Pro Tem Anthony Young

SUBJECT: Budget Priorities for Fiscal Year 2007

As you know, mostly everything we do as an individual Councilmember or collectively as a City Council is a historic first under this new Mayor /Council form of government including setting budget priorities. We will be reacting to a budget submitted to us by the Mayor that will be reflective of a massive financial crisis caused by the lack of financial audits, uncertainty as to the size of our pension deficit and what it will cost to address it. It is my belief that we set budget priorities with the aforementioned issues in mind. Therefore, my budget priorities are as follows:

Ensuring that the budget we submit back to the Mayor is fair and responsive to all districts and at its worst maintains the service levels for public safety (including code enforcement and neighborhood prosecution units), parks, libraries and streets at the 2005-2006 service levels.

Ensuring we get clear and accurate information on all the city's real estate assets and leases to make rational and informed decisions on the potential sale of assets and/or renegotiation of leases to generate revenues for this budget year and future budget years.

Ensuring we get clear and accurate information on the use of the City's Community Development Block Grant funds (CDBG) and the services they are paying for in CDBG eligible communities and neighborhoods.

In addition to my 4th District priorities of public safety, parks, libraries and the City's participation in economic development, my 4th District priorities also include:

Funding the Commission on Gang Prevention and Intervention;

Maintaining, repairing, and repaving streets;

Continuing our strong neighborhood code enforcement;

Continuing the expeditious removal of graffiti;

Continuing community clean-up and recycling events sponsored by the City;

Continuing expeditious responses from city departments to constituent concerns and complaints; and

Continuing the installation of street lights, traffic lights, crosswalks and other traffic calming and traffic safety measures.

Cc: Honorable Mayor Jerry Sanders
Honorable City Council members
Honorable City Attorney
Andrea Tevlin, Independent Budget Analyst

COUNCILMEMBER BRIAN MAIENSCHEIN

City of San Diego
Fifth District

MEMORANDUM

TO: Toni Atkins, Budget Committee Chair

FROM: Brian Maienschein

DATE: January 11, 2006

RE: FY07 Budget Priorities.

In response to Councilmember Scott Peters' memorandum dated December 20, 2005, I have assembled my budget priorities for the upcoming fiscal year. These priorities are divided into two categories: Citywide and Districtwide.

The following will continue to be my top citywide priorities (not necessarily in the order listed):

1. Fully fund required pension actuarial obligation;
2. Public Safety (Police and Fire), including personnel and equipment needs;
3. Homeland Security, with an emphasis on a Citywide Emergency Evacuation Plan;
4. Libraries, including branch operating hours and resources;
5. Parks and Recreation Centers' hours of operation;
6. Community Service Centers' hours of operation.

The following will continue to be my top District Five priorities (not necessarily in the order listed):

1. Districtwide road repairs (resurfacing and reslurry);
2. Brush management and tree trimming;
3. Sidewalk repairs;
4. Traffic light retiming;
5. Traffic calming measures adjacent to schools.

I look forward to working with you on addressing these critical needs and priorities, and please call me with any questions.

cc: Honorable Mayor Jerry Sanders
Councilmembers
Chief Operations Officer Ronne Froman

COUNCILMEMBER DONNA FRYE

City of San Diego
Sixth District

MEMORANDUM

DATE: January 11, 2006

TO: Councilmember Toni Atkins, Chair, Budget & Finance Committee

FROM: Councilmember Donna Frye Donna Frye

SUBJECT: Budget Priorities for Fiscal Year 2006-2007

For the purpose of discussion at the January 18, 2006 Budget & Finance Committee budget review, below is a list of my budget priorities for the upcoming fiscal year:

- Fully fund retiree health benefits
- Fully fund Unfunded Actuarial Accrued Liability
- Complete update of CEQA Significance Determination Thresholds
- Sewer projects (required by Clean Water Act) and water projects (required by Safe Drinking Water Act and Department of Health Services Compliance Order)
- Complete Progress Guide and General Plan Update
- Restore recreation center & pool hours
- Restore library hours and provide needed equipment
- Complete Community Plan and Public Facility Financing Plan updates
- Retain and/or restore all Community Relations Officers and Community Service Officers
- Fund backlogged traffic, road and ADA improvements
- Fund tree-root damaged sidewalks repairs
- Fund increased code enforcement of neglected vacant properties
- Fund more frequent brush and weed abatement enforcement
- Retain current staffing levels for the City Energy Conservation and Management Division
- Fund the San Diego River Park Master Plan environmental impact report
- Fund San Diego River pedestrian and bike pathway

cc: Honorable Mayor and City Councilmembers
Honorable City Attorney
Andrea Tevlin, Independent Budget Analyst
Jay Goldstone, Chief Financial Officer

DF/ks

City Of San Diego
COUNCILMEMBER JIM MADAFFER
DISTRICT SEVEN

MEMORANDUM

M-05-01-05 Please refer to this number when responding to this memo

DATE: January 13, 2005

TO: Councilmember Toni Atkins
Chair, Budget & Finance Committee

FROM: Councilmember Jim Madaffer

SUBJECT: Budget Priorities for FY 2007

I am pleased to submit my budget priorities for fiscal year 2007.

Taxpayer, Customer & Constituent Services

- Fully fund the City's Pension Obligations
- Fully fund retiree health benefits
- Fully fund State & Federal Compliance Orders of water and sewer infrastructure
- Funding for deferred maintenance
- Upgrade police & fire communication systems
- Funding for citywide CERT Program
- Fund citywide brush and weed abatement
- Continuation of funding for fire truck fleet replacement program and police fleet replacement program
- Funding to keep recreation centers open longer and year round pool hours
- Review alternative revenue sources for City, i.e. non-city resident parking fee at beaches, Environmental Services etc
- Restore City's credit rating in order to leverage City dollars
- Sidewalk and street repairs
- Funding for additional street lights
- Work with Sandag, League of Cities as well as local delegation to get City's fair share of anticipated Statewide Infrastructure bond
- Fund code enforcement of nuisance properties

- Adequate funding for City's Homeland Security including water, sewer, bridge and other infrastructure facilities
- Funding for at least one Community Service Center per Council District
- Funding for neighborhood traffic calming measures adjacent to parks and schools including Safe Routes Schools Program

Funding Items to come before Land Use & Housing Committee

- Funding for Master Plan Updates of Montgomery and Brown Fields
- Review all City leases and all real estate holdings. Fiscal analysis of leases ending within 10 years in order to increase city revenue if possible. (See attached memo dated October 17, 2005 and initial response)
- Funding for longer library hours and resources
- Eliminate library endowment office so it may operate as separate entity outside the City. May require initial funding
- Reorganization of Redevelopment Agency in order to bond as a separate agency
- Implement revenue and funding mechanism to update Community Plans and fund the completion of the City's Progress Guide and General Plan

I look forward to discussing these priorities and those of my fellow Councilmembers not only at the Budget & Finance Committee meeting on Wednesday, January 18, but in the months to come.

Attachment

cc: Honorable Mayor and Councilmembers
Andrea Tevlin, Director, Independent Budget Analyst Department
Ronne Froman, Chief Operating Officer
Jay Goldstone, Chief Financial Officer
City Attorney Mike Aguirre

City Of San Diego
COUNCILMEMBER JIM MADAFFER
DISTRICT SEVEN

MEMORANDUM

M-05 10 10 Please refer to this number when responding to this memo

DATE: October 27, 2005

TO: Lamont Ewell, City Manager

FROM: Councilmember Jim Madaffer

SUBJECT: City Leases

As we are all painfully aware, many of the City's leases do little for the City in terms of their true potential revenue value. It is further doubtful that leases negotiated 20 or more years ago would be renewed today at similar terms.

I am interested in a fiscal analysis (including spreadsheets) of City leases that are within 10 years of ending. While I realize under normal circumstances we would not cancel leases due to the ensuing litigation and fiscal impacts, I would be interested in knowing at what point it might be fiscally advantageous to the taxpayers for the City to terminate certain leases sooner rather than their end date with an interest toward negotiating new leases that pay the City a higher rate of return.

Thank you.

CC: Honorable Mayor and City Councilmembers
City Attorney Michael Aguirre
City Clerk

Lease Revenue Analysis FY 05
Leases Expiring by December 31, 2015

I. Total revenue FY05: $58,000,000.00

II. Total revenue expiring before 12/31/15:

Category	Revenues	#Agreements	% All Revenue	% Revenue Exp. By 2015
Time Warner Franchise Fees (exp. 4/8/10)	$7,018,295.00	1	12.10%	42.43%
Agreements with annual revenue >$99,000	$4,484,887.00	22	7.73%	27.12%
Agreements with annual revenue $50,000-$99,000	$1,731,271.00	25	2.98%	10.47%
Remaining Agreements <$50,000	$3,305,061.00	261	5.70%	19.98%
Total revenue expiring before 12/31/15	$16,539,514.00	309	28.52%	100.00%

III. Summary by Department of Agreements with annual revenue greater than $99,000:

Fund	Revenues	#Agreements	% All Revenue	% Revenue Exp. By 2015
Airport	$1,218,402.12	6	2.10%	7.37%
General Fund: Time Warner Franchise	$7,018,295.00	1	12.10%	42.43%
General Fund: All other	$2,127,449.83	10	3.67%	12.86%
Stadium	$560,264.36	2	0.97%	3.39%
Water	$578,770.24	4	1.00%	3.50%
Revenue > $99,000/year expiring before 12/31/15	$10,284,779.43	17	17.73%	62.18%

COUNCILMEMBER BEN HUESO

City of San Diego
Eighth District

MEMORANDUM

DATE: January 23, 2006

TO: Council President Scott Peters

FROM: Councilmember Ben Hueso

SUBJECT: Budget Priorities for Fiscal Year 2006-2007

I am pleased to submit my budget priorities for fiscal year 2007:

City-Wide:

- Fund the City's pension obligations and retiree health benefits
- Progress toward full staffing of Public Safety personnel needs
- Fund deferred maintenance of streets and parks
- Fund extended recreation center and library hours
- Designate low-to-moderate housing funding to create permanent housing for the homeless
- Fund increased code enforcement of neglected and nuisance properties
- Fund increased sidewalk and street improvements
- Completion of General Plan and Community Plan Updates
- Support existing and fund new Redevelopment Area Plan Adoptions
- Expand existing and create new City Clean and Safe programs
- Fund neighborhood clean ups and trash and weed removal efforts
- Provide seed money to develop unimproved park lands
- Installation of new lights in parks and high-crime areas
- Repair Chollas Bridge in Southcrest

I look forward to discussing and working towards these priorities with the Council, Mayor and City Departments.

CC: Honorable Mayor and Councilmembers
Honorable City Attorney
Ronne Froman, Chief Operations Officer
Jay Goldstone, Chief Financial Officer
Andrea Tevlin, Independent Budget Analyst