



Recommended Modifications to the Mayor's Proposed Fiscal Year 2008 Budget

Report by the Office of the
Independent Budget Analyst

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Introduction

One of the key responsibilities of the Office of Independent Budget Analyst (IBA) is to review and comment on the Mayor's Proposed Budget, conduct analyses of the budget and recommend modifications to the Mayor's proposal for City Council consideration. Our Preliminary Report reviewing the Mayor's Proposed Budget was issued on April 27, 2007, as IBA Report No. 07-46. Our final report builds upon this earlier review and analysis and presents final recommended changes to the Mayor's Proposed Budget.

The fiscal year budget process effectively began in November 2006, with the release of the Mayor's Five-Year Financial Outlook for Fiscal Years 2008-2012. This outlook was the most significant financial forecast of its kind in recent history and provided an early look at the Mayor's priorities for FY 2008, as well as a clear road map for future budget years. Our office issued a series of four reports which provided analysis and commentary on the Five-Year Outlook for Budget and Finance Committee review and discussion.

On January 17, 2007, the City Council participated in a first-ever strategic visioning process to identify core services and City budget priorities and provide guidance to the Mayor in advance of the FY 2008 budget process. On January 29, 2007, the City Council unanimously approved and submitted to the Mayor a Budget Priorities Resolution (R-302331) setting forth their priorities. During the months of February and March, the Mayor worked with his leadership team and City departments to develop his recommended budget proposal for FY 2008. In accordance with the City Charter, the Mayor submitted his FY 2008 Proposed Budget to the Council on Friday, April 13, 2007. On May 16, 2007, the Mayor issued a May Revision to his earlier budget proposal.

Our report, issued today in accordance with the FY 2008 budget development schedule previously adopted by the City Council, is comprised of the following sections:

- Recommendations on Mayor's "Significant Areas"
- Recommendations on Mayor's "Corrective Actions"
- General Fund Budget Modifications by Department
- Non-General Fund Budget Modifications by Department
- Discussion of Items Not Recommended for FY 2008
- Policy Recommendations

Our recommendations take into account the input from City Council members' individual budget priorities memoranda; input received from the public at 11 public budget hearings representing nearly 50 hours of testimony; additional analyses of our own; further review of information from City staff; and review of the Mayor's May Revise.

On June 6, 2007, the IBA will present its Final Report on recommended modifications to the Mayor's Proposed Budget to the Budget and Finance Committee for their consideration. At this meeting, the Committee will act on recommended final modifications for full City Council consideration and action on June 11, 2007. As required by Charter, the Council will return the budget to the Mayor with their recommendations "as soon as practicable." The Mayor has five business days to approve, veto or modify any line item approved by the Council and resubmit the budget to the Council. The Council then has five business days to take action to override any vetoes or modifications made by the Mayor.

The final steps of the FY 2008 budget process includes the Budget and Finance Committee's review of the Appropriation Ordinance, beginning on June 20, 2007, and Council adoption of the Appropriation Ordinance in July.

IBA Recommendations on Mayor's "Significant Areas"

In addition to the narrative below, an "at a glance" chart of the Mayor's "Significant Areas" and "Corrective Actions" along with the IBA recommendations and remarks is provided in Attachment A.

Pension Funding - \$184.7 Million

As indicated in our Preliminary Report, the IBA strongly supports the Mayor's proposed pension-related funding levels for FY 2008 which are made up of the Annual Required Contribution known as the ARC (\$137.7 million) and ARC Plus (\$20.0 million), which will end the current practice of negative amortization. While this is a discretionary action for next fiscal year, it is a prudent one that will result in significant interest savings, and one that will be mandatory for FY 2009 based on SDCERS recent decision to implement a 20-year amortization schedule.

We also support the proposals to begin paying back SDCERS for Retiree Health payments made in the past on behalf of the City (\$7.3 million of a total \$33.0 million liability) and for benefit payments made from the pension fund in excess of IRS limits (\$0.5 million of a total \$22.8 million liability). We would note that while the Mayor's Five-Year Outlook contemplates paying off the Retiree Health payback obligation to SDCERS over the five year period, there is no similar strategy in place to address the \$22.8 million associated with the IRS limitations liability.

Also included in this category is \$19.2 million for employee offset contributions per negotiated agreements. **The IBA supports all of the Mayor's funding recommendations for this category, and we recommend the liability associated with the IRS limitations be included in the next update of the Five-Year Outlook.**

Retiree Health - \$48.1 Million

The Mayor's Proposed Budget includes \$23.1 million for the "pay as you go" portion of this funding obligation, as well as an additional \$25.0 million for a retiree health trust fund that will partially pre-fund these post-employment benefits in the near future. Together with \$5.0 million that was set aside for this purpose in FY 2007, a total of \$30.0 million will now be set aside for the trust fund.

The IBA supports the Mayor's aggressive goals to begin pre-funding the Retiree Health liability through these actions, but requests that information be provided to Council on the status of setting up the trust fund. Almost a year has passed since \$5.0 million was authorized for this purpose.

Deferred Maintenance - \$53.1 Million

The Mayor's Proposed Budget includes funding to begin to address the City's significant backlog of deferred maintenance needs through \$13.2 million in cash funding, \$15.4 million in revenues associated with property sales, and \$24.5 million in bond proceeds. The IBA agrees that addressing this backlog is a top priority for our City.

In our Preliminary Report, our questions were related to the funding sources that were identified for this purpose, as well as the prioritization and timing of the specific projects. We had recommended removal of the property sales revenue from the budget unless the Council was provided the benefit of a full policy discussion on this strategy where specific concerns could be addressed. This took place on May 21, 2007, and the approach received an affirmative vote by a majority of the Council. We also raised concerns about the probability of achieving the assumed revenues within the next fiscal year given market conditions. We are comfortable with the conservative assumption of \$15.4 million in sales of a \$37.0 million portfolio in FY 2008. Additionally, if the sales are not achieved, projects will not move forward.

We raised similar concerns with regard to bond proceeds. However, after being provided additional information we agree that bond proceeds, whether from the public bond markets or a private placement, are achievable within FY 2008 if Council is supportive of this strategy.

However, we recommend that the Council be provided a list which ties specific deferred maintenance projects to the three funding sources. The cash funding will be available on July 1, 2007 and the Council and public should know which projects will be accomplished with these funds. The revenues from property sales could be available intermittently throughout the year as land is sold - how will projects be prioritized and selected as those funds become available? If properties are not sold as anticipated, what is the contingency plan for the \$10.0 million for ADA projects that are specifically tied to this funding source? Similarly, bond proceeds could be available at a point later in the fiscal year. What projects will move forward as this funding source becomes available? This information should be provided to the Council and the public, and included in final budget documents.

Reserves - 6% of General Fund - \$66.1 Million

The IBA supports the Mayor's goal of achieving a reserve level equal to 8% of General Fund revenues by 2012 and the corresponding 6% level for next fiscal year. GFOA recommends that cities maintain a General Fund reserve of at least 5-15%.

In addition to the Mayor's proposal, we recommend accelerating the reserves level for FY 2008. **First, we recommend an additional \$300,000 be placed in the reserves on July 1, 2007 from the resources we have identified as part of our final budget recommendations.** Together with the additional \$684,000 recommended in the May Revise, this will place the reserves at an estimated \$67.1 million on July 1, slightly above the 6% goal.

Second, consistent with our Preliminary Report, we have recommended excluding the Tourism Market District (TMD) savings of \$5.0 million from the budget and we have presented a balanced budget without utilizing these savings. **If and when the TMD is finally approved, we recommend that this \$5.0 million in TMD-related savings be used to increase the reserves level in FY 2008 from an estimated \$67.1 million to \$72.1 million, which represents 6.5% of General Fund revenues.**

Finally, formalized, well-defined operating reserve policies and the ability to historically adhere to them are as critical as the funding level itself. The City's policies and practices in this area need to be strengthened. The CFO provided some preliminary work on such a policy to the Budget and Finance Committee last fall and we recommend that this work be completed shortly after budget adoption.

The Preliminary Report from the CFO on a reserve policy contemplated the possibility of establishing an "Emergency Reserve" to be used for qualifying emergencies as declared by the Mayor and approved by the City Council, and an "Appropriated Reserves" that would serve as a contingency for unanticipated, non-emergency needs that are identified during the year based on established criteria. This is not inconsistent with the request from Council President Pro Tem Young to establish a special contingency account to restore staffing levels in Park and Recreation and Library during the course of the fiscal year if services are found to be severely impacted by budget reductions. **We do not recommend that such a contingency be established at this time without the benefit of the broader discussion of the City's reserve policies, but we do recommend that it be considered as a part of this discussion.**

Stormwater - \$42.6 Million

The IBA supports the Mayor's designation of increased funding for critical Stormwater Permit Compliance. The budget proposes \$19.7 million for the Street Division for increased street sweeping and storm drain improvements, while \$22.9 million is allocated to the Stormwater Pollution Prevention Program to enhance programs such as outreach and education, watershed management, water quality monitoring, engineering and enforcement.

An outstanding issue has surfaced since the Mayor submitted his budget that needs to be resolved. The amount allocated to the Street Division for increased Stormwater Permit Compliance, including street sweeping, is \$8.6 million, but no corresponding positions have been included in the budget. Has it been determined that some of these services will be contracted out through the Managed Competition process? If so, this could mean a

significant delay in implementing this important activity next year. This delay could also mean less funding is required for FY 2008. This issue should be resolved before final budget decisions are made by Council on June 11, 2007.

ADA Compliance Projects - \$10.0 Million

The IBA wholeheartedly supports the proposed allocation of \$10.0 million for projects to comply with the Americans with Disabilities Act of 1990 (ADA), though we understand the need to be significantly greater. As discussed in our Preliminary Report, our principal concern is that, per the Mayor's budget, the funding source for these critical projects is revenue generated through property sales. **As noted earlier, we request that Council and the public be provided a list of the projects that will move forward as these funds become available throughout the year; and in the event that these sales are not achieved, that a contingency plan be developed.** Additionally, we recommend that if property sales are successful in yielding revenue in excess of those anticipated in the budget, ADA projects be considered a priority for these new one-time revenues.

IBA Recommendations on Mayor's "Corrective Actions"

Leveraging of City Assets - \$15.4 Million

On May 21, 2007, the City Council was provided a full briefing of this budget strategy as was recommended in our Preliminary Report. A majority of the Council supported the inclusion of this approach in the budget after discussing a wide range of checks including: conservative revenue assumptions being tied to one-time deferred maintenance/ADA expenditures; requirements for returning to Council for further authorization; and a requirement that brokers bid competitively on commissions. Additionally, the Council motion included a cap on broker commissions pending final Council approval of the commission fee schedule.

As discussed earlier, since revenue from property sales will occur intermittently as land is sold, the Council and public should be apprised of how projects will be selected for implementation as these funds become available. These projects should also be identified in the final budget documents. Furthermore, contingency plans for ADA projects should be developed in the event property sales are not achieved as contemplated. Finally, the Council should be provided quarterly reports on the status and progress of property sales during the fiscal year.

Tourism Marketing District (TMD) - \$5.0 Million

Without passing judgment on the concept itself, the IBA recommends removal of the savings assumed by the Mayor in the FY 2008 budget affiliated with the potential creation of the TMD. As discussed in our earlier report, we cannot support inclusion of these savings when several action steps remain, including an affirmative vote of the hoteliers. In our final recommendations, we have excluded these assumed savings and have presented a balanced budget without them. Therefore, if the TMD is successful, we recommend that these additional savings be added to the City's reserves mid-year in order to accelerate the City's 8% reserves goal.

Position Reductions - 736.14 Full-Time FTEs (All Funds) 177.30 Part-Time FTEs (All Funds)

While the IBA recommends Council approval of the proposed FULL-TIME position reductions as a necessary and responsible action to bring expenditures in line with revenues, we reiterate several areas of concern that we have expressed throughout the budget deliberation process. Because it was extremely difficult to discern the basis of the reductions, it was equally as difficult to analyze the potential impacts particularly

with little to no performance measurement information being provided. Were they long time vacancies determined to no longer be necessary or recently vacated or filled positions which could impact services? Were they reductions achieved through the reengineering of City processes or were they necessary to react to a slowdown in workload and related revenues?

Of the 736.14 positions proposed for elimination, 508.47 are vacant and have been for most of the year. The Mayor has indicated that a majority have been vacant for a year or more. However, in our review of Park and Recreation and Library, a majority of the positions had been vacant for a year or less. The benefit to eliminating vacancies is avoiding employee layoffs. The fact that a position is vacant, however, should not presume its function is not valuable. We continue to remain skeptical of the Mayor's broad claims that no services will be impacted by these reductions for the reasons stated in our Preliminary Report.

We have identified that 159.00 FTE of the 736.14 positions proposed for reduction are a result of completed BPRs for Fleet Services and MWWD, which Council approved on May 21, 2007. These are the documented and clearly identified BPR savings in the FY 2008 Proposed Budget, along with savings associated with four BPRs approved earlier in the year (Human Resources, Contracts, IT and ESD). 114.66 proposed position reductions for Streets, Publishing Services, Police, and Engineering, initially identified as BPR savings, are vacancy reductions used to balance the budget similar to the cuts of prior years. The 112.00 Development Services position reductions, also initially presented as BPR savings, are necessary to respond to a slowdown in construction activity and a sharp drop in revenues. 51.00 of these positions were vacant at the time these proposed reductions were announced in March.

With regard to the proposed elimination of the PART-TIME FTEs from the City's total position count, we strongly disagree with this action. We request that Council approve our recommendation to reinstate these positions in the position count and to include them in the final budget document as has been the practice here and is common in other municipalities. This action is not dissimilar to the "supplemental" or "phantom" position practice of the past. In this case, monies would be budgeted but the positions would not be documented. These part-time positions make-up a core of the City's service delivery workforce and include long time positions such as lifeguards, recreation leaders, pool guards, library clerks, library aides, and grounds maintenance workers.

Leaving the money in the budget, but eliminating the FTEs from the budget as proposed, lacks transparency and will result in an inaccurate and understated FTE count. No longer will the public be able to pick up a budget book and identify that the City has such positions. The number of FTEs to staff a particular function will not be available without additional internal analysis. "Apples to oranges" comparisons will make historical analyses and benchmarking very difficult. The IBA is confident that appropriate flexibility and consistency across departments may be achieved even while utilizing FTEs to represent part-time positions.

Managed Competition – No savings identified

No additional savings associated with potential managed competition results were identified in the Mayor's FY 2008 Proposed Budget. Future savings are possible as this process gets underway. The current schedule for moving forward is uncertain. **We recommend that the Mayor update the Council on the status of implementing Managed Competition as it has been several months since its successful passage in November of 2006.**

Budget Clean-Up - \$10.9 Million

Our office supports these technical budget clean-up items for FY 2008 including a refinement of General Government Services Billing (GGSB), the release of encumbered funds and the consolidation of inactive fund balances. **We recommend a continued effort in this area including an annual systematic procedure or policy for such reviews to ensure that the City's resources are not tied up unnecessarily.** We further request that as the details of the specific cancelled encumbrances are known, that they be provided as part of the Controller's monthly report to the Budget and Finance Committee.

Summary of Key Recommendations

“Significant Areas”

Retiree Health Care

- Provide update to Council on the status of establishing the Retiree Health Care Trust Fund.

Deferred Maintenance

- Provide to Council a prioritized list of which deferred maintenance projects are tied to each of the three funding sources: cash, property sales and bond proceeds.
- Provide contingency plan to Council for ADA projects if property sales are not achieved.
- Provide information to Council on how projects will be selected as property sales are achieved throughout the year.
- Provide quarterly reports to Council on the status of property sales.

Reserves

- Add an additional \$300,000 to the reserves on July 1, 2007 from resources we have identified.
- Add \$5.0 million to the reserves mid-year if all steps associated with the TMD are approved.
- Complete work on a formalized, well-defined operating reserve policy.

Stormwater

- Resolve issues related to how increases for street sweeping and other stormwater compliance activities are planned to be implemented, by contract or City forces, and make any necessary budget adjustments.

“Corrective Actions”

Tourism Marketing District

- Remove \$5.0 million in associated savings from budget and add to reserves mid-year if all action steps are approved.

Position Reductions

- Recommend approval of position reductions associated with Fleet Services and MWWD BPRs.

- Recommend approval of Development Services position reductions tied to significant workload and revenue declines.
- Recommend approval of remaining vacant or full-time position reductions as proposed for all other departments in order to balance the budget.
- Make improvements to BPR process as reported in IBA Report No. 07-52.
- Recommend reinstatement of all part-time FTEs in the City's FTE position count and budget documents.

Managed Competition

- Provide update to Council on the current schedule for implementing Managed Competition.

Budget Clean-Up

- Establish procedures and policy for systematic annual review of encumbrances to ensure dollars are not tied up unnecessarily.

Recommended Budget Modifications

The proposal below represents the IBA's final recommended modifications to the Mayor's FY 2008 Proposed Budget. The IBA supports the approval of the Mayor's May Revision items, and recommends Council approval of that package. The IBA further recommends a series of adjustments, as shown, that will provide for Council and public priorities and improve budgetary practices related to certain financial or policy items. Each of the items listed below is presented in detail on the following pages.

GENERAL FUND		FTE	EXPENSE	REVENUE
Cross Departmental				
1	Restoration of Part-Time Positions	176.44	\$ -	\$ -
2	Savings due to Health Care Reform	0.00	\$ (745,753)	\$ -
Major Revenues				
3	Increased Revenue due to TOT Growth Rate Revision	0.00	\$ -	\$ 3,441,686
4	Removal of Tourism Marketing District (TMD)	0.00	\$ -	\$ (5,000,000)
City Attorney				
5	Correction to Supplemental Positions*	(8.00)	\$ -	\$ -
Citywide Program Expenditures				
6	Reduction of Miscellaneous Unallocated Funds	0.00	\$ (1,289,735)	\$ -
7	Reduction of Extra Funds for Independent Consultant Contract	0.00	\$ (745,753)	\$ -
8	Reduction of Extra Funds for City Actuary	0.00	\$ (372,877)	\$ -
9	Addition to General Fund Reserve	0.00	\$ 300,000	
Community and Legislative Services				
10	Addition for City TV 24 Closed Captioning	0.00	\$ 50,000	\$ -
Council Administration				
11	Addition for City Council Financial Training	0.00	\$ 15,000	\$ -
12	Addition for Audit Committee - Professional Audit Consultant	0.00	\$ 225,000	\$ -
General Services - Street Divison				
13	Reduction of Vacancy Factor	0.00	\$ 423,195	\$ -
Library				
14	Restoration of Performance Annex Support	1.00	\$ 187,323	\$ -
Neighborhood Code Compliance				
15	Addition for Code Compliance, Utility Worker and Paint	4.00	\$ 250,000	\$ -
Police				
16	Addition of Vacant Positions for Northwestern Station	19.00	\$ -	\$ -
San Diego Fire-Rescue				
17	Restoration and Addition of Code Compliance Officers for Brush Mgmt	2.00	\$ 145,286	\$ -
GENERAL FUND ADJUSTMENTS		194.44	\$ (1,558,314)	\$ (1,558,314)

NON-GENERAL FUND		FTE	EXPENSE	REVENUE
1	Restoration of Part-Time Positions	8.25	\$ -	\$ -
2	Savings due to Health Care Reform	0.00	\$ (254,247)	\$ -
3	Reduction of Extra Funds for Independent Consultant Contract	0.00	\$ (254,247)	\$ -
4	Reduction of Extra Funds for City Actuary	0.00	\$ (127,123)	\$ -
5	Removal of Increased Fees in Development Services	0.00	\$ -	\$ (180,000)
NON-GENERAL FUND ADJUSTMENTS		8.25	\$ (635,617)	\$ (180,000)

* Reduction of 18.00 support positions offset by 10.00 Deputy City Attorney positions for a net reduction of 8.00 FTE.

General Fund

CROSS DEPARTMENTAL

ITEM	TITLE	FTE	EXPENSE	REVENUE
#1	<i>Restoration of Part-Time Positions</i>	176.44	--	--

This proposal restores the full-time equivalents related to part-time positions in the General Fund (169.12 FTEs) and converts increased funding for new part-time positions (7.32 FTEs), with no added cost to the budget. Impacted departments include Library, Park and Recreation, and San Diego Fire-Rescue. Eliminating the positions and associated FTEs from the budget lacks transparency, and provides no specificity regarding the level or type of positions to be utilized with the funds provided. During budget deliberations, it was determined that funding for new facilities (1.00 Recreation Leader I) and additional staffing for summer pool hours (6.32 Pool Guard II) included funds for new part-time positions. These positions were not specifically included due to the removal of part-time positions from the budget, though equivalent funding was added. This budget change was initially recommended to standardize the City's various practices of budgeting funds for part-time and temporary staffing. It is recommended that all part-time position adds be reviewed and properly reflected in the FY 2008 budget as specific positions and included in the FTE counts. An additional \$8.0 million citywide is budgeted for FY 2008 for part-time and temporary staffing, separate from the part-time positions reflected here. It is recommended that these practices be reviewed for affected departments to achieve standardization, without compromising the production of important budget data.

ITEM	TITLE	FTE	EXPENSE	REVENUE
#2	<i>Savings due to Health Care Reform</i>	0.00	(\$745,753)	--

As recommended in IBA Report 07-46, the IBA suggests that savings be budgeted for health care reform. The probability of this outcome is definite since it was supported by the Mayor and City Council as part of labor negotiations and will be implemented in FY 2008. Although the reform itself is certain, enrollment shifts may result in a variance from the \$2.1 million citywide savings estimated by the Mayor's Office. Therefore, the IBA recommends a conservative savings of \$1.0 million citywide. Further savings if experienced, may be budgeted through a mid-year adjustment. The allocation above reflects the General Fund portion of this savings.

General Fund

MAJOR REVENUES

ITEM	TITLE	FTE	EXPENSE	REVENUE
#3	<i>Increased Revenue due to TOT Growth Rate Revision</i>	0.00	--	\$3,441,686

Transient Occupancy Tax revenue is experiencing actual growth of over 10% year-to-date in FY 2007. Due to anticipated continued strength in the region's tourism market, it is recommended that the projected growth rate for TOT in FY 2008 be increased by one and one-half percentage points to 7.50%. Based on current year-end projections, this would result in additional General Fund revenue of approximately \$3.44 million. It should be noted that approximately \$956,000 of this increase is due to stronger growth in FY 2007 than was anticipated at the time the Mayor's Proposed Budget was developed. Attachment B further discusses our analysis of this revenue source.

ITEM	TITLE	FTE	EXPENSE	REVENUE
#4	<i>Removal of Tourism Marketing District (TMD)</i>	0.00	--	(\$5,000,000)

Given that several important organizational steps, City Council actions and hotel/motel owner determinations remain to be completed for the proposed TMD, the IBA recommends that anticipated TOT savings that may accrue to the General Fund be excluded from the budget. If and when the TMD is finally approved, the IBA further recommends that the related savings be used to increase the General Fund reserve in FY 2008.

CITY ATTORNEY

ITEM	TITLE	FTE	EXPENSE	REVENUE
#5	<i>Reduction of Support Staff</i>	(18.00)		
	<i>Addition of Supplemental Deputy City Attorney Positions</i>	<u>10.00</u>		
	<i>Net Position Changes</i>	(8.00)	--	--

The Office of the City Attorney has requested the addition of 17.14 Deputy City Attorney positions to the FY 2008 Budget, at a cost of \$2.24 million. These positions, currently on the payroll, have not been previously authorized in the budget.

General Fund

CITY ATTORNEY (cont'd)

These are commonly referred to as “supplemental” positions, which is a practice inherited from previous administrations that has recently been corrected across the City. In addition, the department has requested 6.00 additional Deputy City Attorneys, and 2.00 support staff positions, for a total request of 25.14 FTEs.

A review of the budget shows that, as of May 4, 2007, the Office of the City Attorney has 18.00 budgeted support and clerical positions vacancies, totaling \$1.4 million on a budgetary basis. Payroll records show that many of these classifications have shown some level of vacancy consistently over the past two years. Elimination of these 18.00 support positions from the budget will fund 10.00 supplemental Deputy City Attorney positions. Many other City departments were granted additions to their budgets in FY 2007 to correct supplemental positions and have since been required to eliminate vacant positions in the FY 2008 Proposed Budget for purposes of balancing the General Fund.

Three of the supplemental positions comprise the Public Finance and Disclosure Unit which is not a discretionary activity. In November 2004, the City Council adopted ordinance O-19320 amending the City’s Municipal Code relating to the City’s Financial Reporting and Disclosure requirements, which calls for 3.00 Deputy City Attorneys to be designated for new duties, requiring specific knowledge and expertise in the areas of municipal finance, and federal and state securities laws. However, the City’s Attorney’s budget has not reflected an increase to the number of Deputy City Attorney positions since the ordinance was adopted, though three additional personnel have been hired to handle these functions. Attorneys assigned to other priority areas of Domestic Violence, Code Enforcement, and Neighborhood Prosecution should be retained.

The IBA cannot support the continued practice of permitting supplemental positions, and recommends that corresponding reductions be made to the City Attorney’s Office in order to eliminate the supplemental position practice. The elimination of 18.00 vacant support and clerical positions will fund 10.00 existing Deputy City Attorneys. The remaining 7.00 supplemental positions should be discontinued. This will result in a net reduction to the department of 8.00 budgeted positions for FY 2008, will end the supplemental position practice, and will reduce the total City Attorney positions from 335.22 FTEs to 327.22 FTEs. It is recommended that the City Attorney implement a position control policy in order to operate within the authorized number of budgeted positions in the future.

General Fund

CITY ATTORNEY (cont'd)

Further, an issue is pending regarding the capacity of the City Attorney's Office to complete requested work from City departments, such as contracts and ordinances. We have learned that there are a significant number of items with the necessary Council or Mayoral approval that have been awaiting City Attorney action for an extended period of time. For example, we are aware of at least one dozen traffic engineering design contracts with values up to \$5.9 million that are not being addressed in a timely manner. This is preventing important City work from moving forward. The IBA suggests that the City Attorney investigate these issues and expeditiously attend to this critical work.

CITYWIDE PROGRAM EXPENDITURES

ITEM	TITLE	FTE	EXPENSE	REVENUE
#6	<i>Reduction of Miscellaneous Unallocated Funds</i>	0.00	(\$1,289,735)	--

Budgeted funds that are not allocated for a specific purpose should be removed. The reduction of \$1.29 million from the \$2.87 million allocated to "Professional Services and Contracts" will result in a remaining \$1.6 million as allocated in the Mayor's May Revise: \$750,000 transferred to the Auditor and Comptroller's Office to cover the cost of temporary staff to assist in the preparation of the outstanding CAFRs and the development of internal controls, \$185,000 for labor negotiations, \$150,000 to support the Charter Review Committee, and \$500,000 to repay SDCERS for benefit payments in excess of IRS limits.

ITEM	TITLE	FTE	EXPENSE	REVENUE
#7	<i>Reduction of Extra Funds for Independent Consultant Contract</i>	0.00	(\$745,753)	--

Pursuant to City Council approval in January 2007, \$2 million was appropriated for the contract with the City's Independent Consultant in May 2007. Approximately \$261,000 has been billed through April 2007 or roughly \$65,000 per month. At this rate of expense, it is unlikely that the total expense for the Independent Consultant will exceed \$400,000 in FY 2007. Therefore, there should be approximately \$1.6 million remaining for this purpose, or more than \$133,000 per month, in FY 2008. The Independent Consultant currently estimates the monthly expense to be approximately \$100,000 per month in FY 2008.

General Fund

The FY 2008 Proposed Budget includes an additional \$1.0 million citywide, over and above the \$2.0 million already appropriated by the Council, to fund the Independent Consultant contract. However, this funding for the Independent Consultant contract in FY 2008 should not be necessary as it is clear that sufficient funds have already been appropriated for this purpose, as referenced above. The IBA recommends removal of \$745,753 from the General Fund budget, which represents this fund's proportionate share of the \$1.0 million citywide.

ITEM	TITLE	FTE	EXPENSE	REVENUE
#8	<i>Reduction of Extra Funds for City Actuary</i>	0.00	(\$372,877)	--

An action is due to return to the City Council requesting the appropriation of new funds and amendment of the contract for FY 2008 work. The IBA recommends the City Council choose whether or not to appropriate funds for this purpose at that time and in the context of the discussion of a contract amendment. This amount represents the General Fund allocation for this purpose.

ITEM	TITLE	FTE	EXPENSE	REVENUE
#9	<i>Addition to General Fund Reserve</i>	0.00	\$300,000	--

This proposal reflects additional funds to be allocated to the General Fund reserve in addition to the May Revise which included a \$684,000 reserves addition. Based on assumptions regarding current reserve levels and year-end projections, the reserves allocation in the May Revise, together with the amount proposed here, are estimated to result in total reserves marginally in excess of the target of 6% of the total General Fund.

COMMUNITY AND LEGISLATIVE SERVICES

ITEM	TITLE	FTE	EXPENSE	REVENUE
#10	<i>Addition for City TV 24 Closed Captioning</i>	0.00	\$50,000	--

This funding will provide closed captioning for City Council meetings as recommended and approved in FY 2002 but never implemented. Additional funding would be required to cover Committee meetings, Press Conferences or Special Meetings. City Manager Report 02-112, dated May 15, 2002, indicated that potential revenue from corporate sponsors could offset a portion of this expense. Although this revenue option has not been proposed as part of the FY 2008 Budget, it should be further explored.

General Fund

COUNCIL ADMINISTRATION

ITEM	TITLE	FTE	EXPENSE	REVENUE
#11	<i>Addition for City Council Financial Training</i>	0.00	\$15,000	--

On October 11, 2004, the City adopted the Disclosure Ordinance (O -19320) which required “mandatory training, on a regular basis, for City staff, officials, City Council members, and the Mayor regarding their obligations relating to disclosure matters under federal and state securities laws.” On December 6, 2006, the City Council adopted Resolution R-302243 implementing a plan to provide financial training to the City Council as recommended in the Kroll Report and by the IBA in Report 06-59. This funding should be budgeted in the Council Administration budget to provide the City Council with useful guides, publications and consultant resources to facilitate financial training in areas such as financial disclosure, financial statements, debt issuance and budgeting.

ITEM	TITLE	FTE	EXPENSE	REVENUE
#12	<i>Addition for Audit Committee - Professional Audit Consultant</i>	0.00	\$225,000	--

On May 21, 2007, the Audit Committee unanimously adopted a motion recommending that the City Council authorize not more than \$225,000 to retain a qualified audit consulting firm/professional to assist the Audit Committee in providing independent, legislative oversight of the audit work performed by and for the City. As the Audit Committee is currently faced with audit-related issues requiring immediate attention and given that they are working without direct professional audit staff support, the IBA recommends that funds be added to the Council Administration budget and authorized for expenditure to procure needed auditing expertise/counsel for the Audit Committee.

GENERAL SERVICES – STREET DIVISION

ITEM	TITLE	FTE	EXPENSE	REVENUE
#13	<i>Reduction of Vacancy Factor</i>	0.00	\$423,195	--

The Street Division currently has a budgeted vacancy savings of approximately \$1.16 million. Due to the elimination of vacant positions and the filling of existing vacant positions, it is recommended that the vacancy savings be reduced to approximately \$742,000, or 3.2% of budgeted personnel expense, in line with City standards. This vacancy factor would allow the Street Division to fill vacant positions as needed, yet still accommodate personnel savings due to standard turnover.

General Fund

LIBRARY

ITEM	TITLE	FTE	EXPENSE	REVENUE
#14	<i>Restoration of Performance Annex Support</i>	1.00	\$187,323	--

This proposal restores staffing and funding for the management and operations of the City Heights Performance Annex, which was proposed for elimination in the Proposed Budget. Discussions related to alternative management of the site are ongoing. Until a plan is developed to ensure this City facility is sufficiently managed for its continued use and availability for public events, it is recommended that this item be restored.

NEIGHBORHOOD CODE COMPLIANCE

ITEM	TITLE	FTE	EXPENSE	REVENUE
#15	<i>Addition for Code Compliance, Utility Worker and Paint</i>	4.00	\$250,000	--

The Mayor's FY 2008 Proposed Budget included reductions of 3.00 Code Compliance Officers and 2.00 Utility Workers from Neighborhood Code Compliance. The IBA recommends a \$250,000 increase to the FY 2008 Budget to restore 3.00 Code Compliance Officers, 1.00 Utility Worker, and provide additional funding for paint. The restoration of these positions will restore resources to address citywide neighborhood quality-of-life issues.

POLICE

ITEM	TITLE	FTE	EXPENSE	REVENUE
#16	<i>Addition of Vacant Positions for Northwestern Station</i>	19.00	--	--

This proposal adds 19.00 sworn positions for a total of \$2.25 million for the full year's operational expenses at Northwestern. An equivalent increase in the department's vacancy factor will mitigate this addition with a net zero impact to the General Fund. The positions were not included in the Mayor's Proposed Budget due to current recruitment and retention problems (although actual staffing has occurred by shifting assignments). This will ensure an accurate reflection of the full staffing needs at the Northwestern Station, allowing them to be funded and filled as recruitment improves.

General Fund

SAN DIEGO FIRE-RESCUE

ITEM	TITLE	FTE	EXPENSE	REVENUE
#17	<i>Restoration and Addition of Code Compliance Officers for Brush Management</i>	2.00	\$145,286	--

This action will restore the proposed reduction of 1.00 Code Compliance Officer and add 1.00 Code Compliance Officer for the department's Brush Management Program. These positions are needed to help ensure that the goals of the proactive brush management plan, which was approved by Council in September 2005, are achieved. According to the department, this is the driest season in 90 years and anticipation of a high risk wildfire season makes these positions critical for public health and safety.

Non-General Fund

VARIOUS NON-GENERAL FUNDS

ITEM	TITLE	FTE	EXPENSE	REVENUE
#1	<i>Restoration of Part-Time Positions</i>	8.25	--	--

This proposal restores the full-time equivalents related to part-time positions for non-general fund departments, with no added cost to the budget. Impacted departments include Water, Engineering and the Golf Enterprise Fund. Eliminating the positions and associated FTEs from the budget lacks transparency, and provides no specificity regarding the level or type of positions to be utilized with the funds provided. This budget change was initially recommended to standardize the City's various practices of budgeting funds for part-time and temporary staffing. An additional \$8.0 million citywide is budgeted for FY 2008 for part-time and temporary staffing, separate from the part-time positions reflected here. It is recommended that these practices be reviewed for affected departments to achieve standardization, without compromising the production of important budget data.

ITEM	TITLE	FTE	EXPENSE	REVENUE
#2	<i>Savings due to Health Care Reform</i>	0.00	(\$254,247)	--

As recommended in IBA Report 07-46, the IBA suggests that savings be budgeted for health care reform. The probability of this outcome is definite since it was supported by the Mayor and City Council as part of labor negotiations and will be implemented in FY 2008. Although the reform itself is certain, enrollment shifts may result in a variance from the \$2.1 million citywide savings estimated by the Mayor's Office. Therefore, the IBA recommends a conservative savings of \$1.0 million citywide. Further savings if experienced, may be budgeted through a mid-year adjustment. The allocation above reflects the portion of this savings attributable to the City's various Non-General Funds.

ITEM	TITLE	FTE	EXPENSE	REVENUE
#3	<i>Reduction of Extra Funds for Independent Consultant Contract</i>	0.00	(\$254,247)	--

Pursuant to City Council approval in January 2007, \$2 million was appropriated for the contract with the City's Independent Consultant in May 2007. Approximately \$261,000 has been billed through April 2007 or roughly \$65,000 per month. At this rate of expense, it is unlikely that the total expense for the Independent Consultant will exceed \$400,000 in FY 2007. Therefore, there should be approximately \$1.6 million remaining for this purpose, or more than \$133,000 per month, in FY 2008. The Independent Consultant currently estimates the monthly expense to be approximately \$100,000 per month in FY 2008.

Non-General Fund

VARIOUS NON-GENERAL FUNDS (cont'd)

The FY 2008 Proposed Budget includes an additional \$1.0 million citywide, over and above the \$2.0 million already appropriated by the Council, to fund the Independent Consultant contract. However, this funding for the Independent Consultant contract in FY 2008 should not be necessary as it is clear that sufficient funds have already been appropriated for this purpose, as referenced above. The IBA recommends removal of \$254,247 from the appropriate Non-General Funds' budgets, which represents those funds' proportionate share of the \$1.0 million citywide.

ITEM	TITLE	FTE	EXPENSE	REVENUE
#4	<i>Reduction of Extra Funds for City Actuary</i>	0.00	(\$127,123)	--

An action is due to return to the City Council requesting the appropriation of new funds and amendment of the contract for FY 2008 work. The IBA recommends the City Council choose whether or not to appropriate funds for this purpose at that time and in the context of the discussion of a contract amendment. This amount represents the allocation from various Non-General Funds for this purpose.

DEVELOPMENT SERVICES

ITEM	TITLE	FTE	EXPENSE	REVENUE
#5	<i>Removal of Increased Fees in Development Services</i>	0.00	--	(\$180,000)

The Mayor's FY 2008 Proposed Budget includes \$180,000 in increased revenue from an assumed 4% fee increase. The Development Services Department is currently undertaking a fee study to ensure fees balance with costs. The Department anticipates bringing the results of the study to City Council for approval in November. Because the study is not complete and the Council has not approved the proposed fee increase, the IBA recommends removal of this projected revenue

Items Not Recommended for FY 2008 Budget

In this report, the IBA has endeavored to accommodate top priorities within the FY 2008 Budget. However, limited funding, particularly in the General Fund, constrains the City's ability to fund all priorities. In this section, the IBA presents additional discussion or analysis on items not recommended for funding at this time.

City Auditor & Comptroller Position

The issue of appointing an "Auditor & Comptroller" as described in the Charter remains unresolved. The stated intent is to separate these distinct financial functions, as recommended by Kroll, through a Charter change in June of 2008. These duties are being carried out by two Assistant City Auditor & Comptrollers funded in the budget. One Assistant is the Deputy Controller and the second is for the new Internal Auditor currently being recruited. Both functions are overseen by the CFO. For the Internal Auditor, this reporting relationship may change as a result of proposed Charter amendments. Until these issues are permanently resolved, the CFO has assumed the responsibilities of the City Auditor & Comptroller. From a budgetary perspective, this is a significant savings to the General Fund during this transition period. At this point, all indications are that if the funds were reinstated, they would not be expended. However, the IBA recommends that the City Attorney comment on eliminating the Auditor & Comptroller position from the budget as it relates to the current form of the City Charter.

Community Planning Group Support

On May 22, 2007, the City Council adopted amendments to Council Policy 600-24, including a standardized planning board bylaws shell. City staff will work with recognized community planning groups on revisions to their bylaws. As stated in Report to the City Council 07-092 dated May 16, 2007, costs associated with providing assistance to community planning groups to revise their bylaws will be managed as part of the City Planning & Community Investment department's work program. Part-time administrative staff will be utilized to assist planning groups with reporting requirements under the Brown Act. Therefore, the department does not believe additional funding is necessary at this time.

Fire Station 47 Truck Company

As part of the developer's obligation to provide infrastructure support for the community, Fire Station 47 is scheduled to open in November 2007. Although both an engine and truck have been provided by the developer, the fire station will only open with staffing for the engine. Fire-Rescue's current plan is to add the truck company staffing after additional build-out is completed in the area; this is currently anticipated to be around FY 2012.

Gang Commission/Grant Writing

A request for additional staffing for the Gang Commission has not been recommended in the IBA's report. In discussion with the Deputy Chief Operating Officer for Public Safety, the department believes they have adequate support at this time. Also, the City's grant process is currently undergoing BPR and additional grant support should be reviewed as a part of this process.

Motive Equipment Fuel Reserve

The annual budget for fuel is one component of usage charges that are paid by General Fund and Non-General Fund departments to support the Equipment Division's operations. These non-discretionary charges ensure that all funds contribute the appropriate proportional share to the Equipment Division. Likewise, funding for a fuel reserve should also be treated as a non-discretionary charge to ensure appropriate proportional funding. Further analysis is needed to determine the appropriate funding mechanism. It is recommended that a proposal to establish a fuel reserve in the FY 2009 Budget be developed and presented to the Budget and Finance Committee during FY 2008.

Park Maintenance

A number of requests were made for the addition of staffing to Park and Recreation for grounds maintenance workers, custodians and brush abatement activities. The Parks Maintenance BPR is currently underway and its outcome may affect the allocation and level of resources assigned to various maintenance functions throughout the City's park system. The addition of resources in these areas may be premature at this time, and should be reevaluated upon the completion of the BPR.

Police Mobile Computer Laptops

Additional funds for the replacement of patrol officer's Mobile Computer Laptops are not recommended at this time. The IBA understands laptops in current use in the field are not scheduled for replacement in FY 2008, so additional funding is not currently necessary. Alternative plans on laptop utilization by patrol officers should consider other forms of technology, like flash drives or other storage devices. These plans should be developed with the City's Chief Information Officer, to determine the most cost-effective and efficient manner, consistent with City information technology policies.

Police Service Officers (PSOs)

The FY 2008 Proposed Budget reduced a net total of five Police Service Officers. Due to the total number of vacancies for PSOs and the amount of time it would take for a candidate to successfully complete the hiring and academy process, the department does not feel that all PSOs could be filled during the fiscal year.

Refuse Container Replacement Fee

The FY 2008 Proposed Budget includes \$500,000 for replacement of automated refuse containers. While this amount will likely be insufficient to cover the total cost of replacement in FY 2008, the Environmental Services Department has indicated that revenue derived from the \$50 user fee charged on each additional refuse container (over one) provided to a residence, as well as expenditure savings in other areas, will likely be sufficient to cover the cost of automated refuse container replacement in FY 2008. However, given that the cost of replacing automated refuse containers will continue to become an increasing burden on the General Fund, it is recommended that a proposal to implement an automated refuse container replacement fee, or some alternative, be developed and presented to the Natural Resources and Culture Committee in early FY 2008.

Youth Librarians

Youth Librarians for specific branch libraries have been requested, and are not recommended for addition at this time. Two Youth Librarian positions were reinstated in the May Revise. The Library Department has indicated that the FY 2008 Budget as currently proposed includes the reduction of one Youth Librarian position, which is currently vacant. Youth Librarians are assigned throughout the branch libraries based on workload and demand.

Policy Recommendations

The following comprise the IBA's Policy Recommendations for FY 2008. The recommendations are intended to provide avenues for improved financial governance or increased efficiency and effectiveness. We recommend that each of these items be explored and discussed over the course of the fiscal year. The IBA will track the progress of these items and report on progress to the Budget and Finance Committee.

Many of the items found below originated as recommendations in IBA Report 07-46, our Preliminary Report on the Mayor's 2008 Proposed Budget. For these items, the page number for that report is referenced. Some items were originally recommended by this office for FY 2007, but have yet to be explored or implemented by the organization. For those items, we have referenced our FY 2007 Policy Recommendations. Finally, a number of items are new recommendations in this report, and are so noted. For those items, we provide additional context and discussion for the benefit of the reader.

Citywide Items

1. In FY 2007, the City Council allocated \$5.0 million to begin to pre-fund Retiree Health obligations. The FY 2008 Proposed Budget allocates an additional \$25.0 million, and the IBA supports the approval of this proposal. The trust fund vehicle for this funding has not yet been established, and monies are being saved in a separate City fund that is not an irrevocable trust. An irrevocable trust fund should be established as soon as practicable and an update should be provided to the Budget and Finance Committee in the first quarter of FY 2008. (NEW)
2. On May 21, 2007, the City Council approved the sale of various parcels of City land, as recommended by the Real Estate Assets Department. Quarterly updates should be provided to the Rules or Land Use and Housing Committee to provide information about the disposition of parcels, final sales price and other updates. (NEW)
3. Under current State law, the City of San Diego will not receive booking fee reimbursements from the State, but will still be liable for the annual payment of \$5.2 million to the County as stipulated in the Memorandum of Understanding. The Intergovernmental Relations Department is in the process of identifying the proper mechanism by which special language can be added to State law to address the City of San Diego's specific situation. If such language cannot be added to State law, the MOU with the County will need to be renegotiated in order to hold the City harmless. Staff should report back to the Budget and Finance Committee or Rules Committee to provide a status update on the booking fee situation under current State law. (NEW)
4. When FTEs are added for new and/or annualized facilities that do not reflect a full-year's worth of operational needs, include clarifying language in the significant budget adjustments section that details the projected months of service. For example, in the Fiscal Year 2008 Budget, 7.56 FTEs are included for the

- anticipated opening of Fire Station 47 in the Pacific Highlands Ranch area. This reflects seven months of operations; the full-year's operational needs will be a total of 11.88 FTEs. (NEW)
5. There is interest in a year-round Shelter Program to include a comprehensive Central Intake Facility. The Central Intake Facility will work in partnership with other homeless agencies, SDPD, healthcare providers, and others to provide comprehensive services on-site for quick and effective placement into long-term solutions. Given the yearly funding difficulty with the City's annual Winter Shelter, the year-round Shelter Program will need a funding strategy for consistent funding resources. The IBA recommends that options to address this issue be presented to Council during FY 2008. (NEW)
 6. Present plans for compliance with the FY 2006 labor contract requirements to infuse \$600 million into the pension system, and include those plans in the budget, when approved by the City Council. Also, conduct an analysis of the ramifications of non-compliance and present to the City Council at the earliest opportunity. (IBA Report 07-46, p. 15)
 7. Initiate a policy discussion regarding potential options for securing a dedicated funding source for Stormwater requirements. (IBA Report 07-46, p. 21)
 8. Planning for the upswing in ADA project activity should begin now by clearly identifying staff resources to implement projects, oversee Transition Plan progress and to continue the monitoring of new development projects for compliance. Additionally, projects to be funded in Fiscal Year 2008 should be identified as soon as possible for project planning and public information purposes. (IBA Report 07-46, p. 23)
 9. In BPR Reports, provide a detailed tracking of position and cost information, as well as information about and timeline for Meet and Confer, if applicable. (IBA Report 07-46, p. 34)
 10. Conduct annual audits of BPRs that are implemented to account for actual savings and impact to service levels. (IBA Report 07-46, p. 35)
 11. Conduct an overview or presentation of the Managed Competition Process and Schedule at either the Rules or Budget Committee. (IBA Report 07-46, p. 36)
 12. Complete the development and adoption of the financial policies recommended in IBA Report 07-46 during FY 2008. (IBA Report 07-46, p. 41)
 13. Identify, monitor and publish service levels in the budget document so that the City Council and the public can be apprised of any potential impacts of position reductions. (IBA Report 07-46, p. 56)
 14. Develop a communication plan to ensure timely and accurate information is shared between the City Attorney and Risk Management departments, and the City Council, on a regular basis regarding litigation issues and related costs. (IBA Report 07-46, p. 63)
 15. Review the CDBG Process. (FY 2007 Policy Recommendation)

City Attorney

1. The Mayor's FY 2008 Proposed Budget includes \$250,000 in SLA revenue from the Development Services Department to the City Attorney's Office. However, the Development Services Department (DSD) eliminated the reimbursement from

- their FY 2008 budget. If DSD does not provide the revenue to the Attorney's office as budgeted, the General Fund will be negatively affected. Furthermore, this issue needs to be addressed from a broader citywide policy and budgetary perspective relative to consistency among City departments and the use of external versus internal legal support. (NEW)
2. The City Attorney should develop a position control policy that will ensure that staffing is managed within the authorized number of budgeted positions and prevent the creation of supplemental positions in the future. The IBA suggests that the City Attorney present and discuss his position control policy at a Budget and Finance Committee meeting in early FY 2008. (NEW)

City Auditor & Comptroller

1. As part of the Budget Clean-up corrective action outlined in the Mayor's Five-Year Financial Outlook, many open encumbrances will be targeted for closure. In order to achieve a 6% General Fund Reserve level in FY 2008, the Mayor's Proposed Budget assumed \$3.0 million in additional resources from closing unneeded encumbrances that would be allocated directly into the General Fund reserve. As encumbrances are released, information should be provided in the Controller's reports to the Budget and Finance Committee. As previously recommended, a thorough and systematic review of citywide encumbrances should take place on an annual basis. (NEW)
2. Identify and assign the remaining two employees to the internal audit function prior to the beginning of FY 2008. (IBA Report 07-46, p. 65)
3. Report to the Audit Committee regarding the plan for providing sufficient Auditor and Comptroller staff support to ERP, given current staffing constraints. (IBA Report 07-46, p. 65)

Development Services

1. Develop a fiscal recovery plan for the Development Services Fund to avoid General Fund impacts. (IBA Report 07-46, p. 78)
2. Finalize a contingency plan for handling unanticipated increases in activity in the Development Services Department. (IBA Report 07-46, p. 78)

Engineering & Capital Projects

1. Provide an update to the Public Safety and Neighborhood Services Committee on the status of the Red Light Photo Safety Program. (FY 2007 Policy Recommendation)

Family Justice Center

1. The IBA learned through discussions with the Deputy Chief Operating Officer of Public Safety that there has never been a uniformed police officer providing security services for the Family Justice Center. Currently, during the transitional period until a new director is hired, a Police Sergeant is providing management and operational support for the Family Justice Center. Once the new director has been hired and a management plan developed, the Family Justice Center should

return to the Public Safety and Neighborhood Services Committee to discuss security issues. (NEW)

General Services

1. It is currently anticipated that the Publishing Services Internal Service Fund will have a negative fund balance at the end of FY 2008. Since Publishing Services has been unable to raise service rates in order to attain full cost recovery, the Internal Service Fund has maintained a deficit for the past several years. It is recommended that a financial plan addressing the ongoing deficit be developed and presented to the City Council so that the Publishing Services Internal Service Fund does not continue to end the fiscal year with a negative fund balance. (NEW)
2. Consider establishing a fuel reserve in the Equipment Division for the FY 2009 Budget set at 20% of the total budget for fuel. (IBA Report 07-46, p. 88)
3. Given that the cost of replacing automated refuse containers will continue to become an increasing burden on the General Fund, it is recommended that a proposal to implement an automated refuse container replacement fee be developed and presented to the Natural Resources and Culture Committee in FY 2008. (FY 2007 Policy Recommendation)
4. As part of the BPR for Facilities Division, consider the use of an Internal Service Fund to provide appropriate and adequate funding. (FY 2007 Policy Recommendation)

Library

1. Consider alternatives to the Library Ordinance. (IBA Report 07-46, p. 96)

Park and Recreation

1. Develop a long-term strategic plan for the Environmental Growth Fund. (IBA Report 07-46, p. 108)

Redevelopment

1. The Redevelopment Agency should develop a plan and/or schedule to repay outstanding debt for each redevelopment project area and obtain a legal opinion on determination of findings for the transfer of debt from the City to the Agency. If possible, this discussion should occur at the Budget and Finance Committee. (NEW)

Risk Management

1. Explore the issue of Workers' Compensation reform further, including a presentation to the Budget and Finance Committee on current and future programs to reduce the number of claims. (IBA Report 07-46, p. 117)

San Diego Fire-Rescue

1. Present a report on costs and savings associated with San Diego Fire-Rescue's constant staffing policy to the Public Safety and Neighborhood Services Committee. (IBA Report 07-46, p. 120)

[SIGNED]

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Attachments (4)

- A – Summary Chart of IBA Positions
- B – Transient Occupancy Tax Growth Rate Analysis
- C – CFO Memorandum on Revisions to FY 2008 Proposed Budget
- D – Council Members’ Budget Priority Memoranda