

Fiscal Year 2010

Final Budget Report and

Recommendations

Report by the
Office of the
Independent Budget Analyst

IBA Report 09-45

May 29, 2009



IBA

Office of the
Independent Budget Analyst
City of San Diego

Introduction

The IBA's Preliminary Review of the Mayor's Proposed FY 2010 Budget was issued on April 28, 2009 as IBA Report No. 09-37. This final report builds upon our earlier review and analysis, and presents final recommended changes to the Mayor's Proposed Budget for City Council consideration. Our recommendations take into account the budget ideas proposed by the City Council; the results of the Mayor's May Revise; input received from the public during the hearings; additional IBA research and analysis; and further discussions with City operational staff. Our final report is presented in three sections:

Part 1- IBA Recommended Revisions to the Proposed Budget

Part 2- IBA Review of the Mayor's May Revise

Part 3- Council Request of Mayor to Continue to Pursue Fiscal Reforms During FY 2010

Part I: Recommended Revisions to the Proposed Budget

The IBA is proposing very few revisions to the FY 2010 Proposed Budget. No service or program reductions were proposed by the Mayor for FY 2010; and we do not recommend consideration of any program expansions or position additions except for the few included in the Mayor's May Revise and the four additional positions for the City Auditor's Office as recommended by the Audit Committee. The economy remains depressed and uncertain; the outlook for the City's General Fund continues to be bleak; and the State's serious budget problems could mean even greater challenges for the City should the State try to borrow City revenues to balance their budget.

Additionally, both the Mayor's Proposed FY 2010 Budget and his May Revise rely heavily on recommendations made by the IBA in prior reports as well as suggestions made recently by the current City Council. They include adjusting Storm Water program costs to align with spending patterns; reducing equipment outlay and supplies and services allocations; transferring miscellaneous fund balances to the General Fund (including Internal Stabilization Fund; Library Operations and Maintenance Fund; PC Replacement Fund; and Trolley Extension Fund); reviewing Tobacco Settlement revenue; increasing vacancy savings, and increasing fees for cost recovery. These actions, which we support, total \$34.7 million in savings or resources to the General Fund, and helped to address a FY 2010 deficit of nearly \$83 million.

The following minor revisions to the FY 2010 Proposed Budget are recommended:

IBA Proposed Revisions				
		FTE	EXPENSE	REVENUE
Resources Changes				
1	Park & Recreation-Antenna Lease Revenues			816,000
Expenditures Changes				
1	Business Office- Reduction of Managed Competition Funding	-	(250,000)	
2	City Auditor- Addition of Auditor Positions	4.00	399,065	
3	Storm Water-Reduction of FY 2010 Funding	-	(1,000,000)	
4	Creation of an Appropriated Reserve Utilizing Net Resources	-	1,666,935	
TOTAL		4.00	\$ (816,000)	\$ 816,000

Resource Changes

Park & Recreation

1– Transfer of Antenna Lease Revenues-\$816,000

The Park and Recreation Department had initially recommended the transfer of \$816,000 from the Antenna Lease Revenue Fund to the General Fund to support departmental operations, as part of the requested 15% reductions during budget development. This recommendation was not utilized to balance the budget, and still remains a viable option. The IBA recommends that these funds be budgeted for transfer to the General Fund providing funds for other needs in the amount of \$816,000.

Recommended Revisions to the Proposed Budget

According to the Real Estate Assets Department, there are currently twenty telecom sites at park and recreation locations which generate \$53,000 in monthly revenue, or approximately \$636,000 annually, with many leases in effect through FY 2017. Several other sites are pending the application process. According to Council Policy, fifty percent of the revenue for each park telecom site goes into the Park and Recreation Antenna Lease Revenue fund.

In our review, the IBA found that annual revenue to this fund totaled approximately \$627,000 in FY 2007, \$317,000 in FY 2008, and exceeds \$423,000 to date for FY 2009.

Expenditure Changes

Business Office

1– Reduce Managed Competition Contract (\$250,000)

The Business Office Proposed Budget includes an allocation of \$500,000 for Managed Competition consulting services for FY 2010. In the FY 2009 Adopted Budget, \$500,000 was allocated for this purpose. However, when the Business Office came to the City Council in June 2008 for authorization to spend this money, initially only \$250,000 was authorized. This amount was intended to cover 1) Statement of Work development and solicitation support, and 2) Employee Proposal development support. Due to the delay in managed competition, only partial funding was spent (\$147,000) during FY 2009. Once the managed competition process is able to move forward, we believe that \$250,000 will be sufficient to complete the activities identified above. The Council also previously requested that a new RFP process take place, which will occur once the staff knows when consulting support will be required.

Furthermore, fiscal impacts of the program outlined in Proposition C, which was approved by voters in November 2006, assured that “no significant new costs are anticipated as a result of the managed competition process.” This reduction helps better align public expectation of costs associated with the approved proposition.

City Auditor

2– Add Three City Auditors/One Fraud Investigator- \$399,065

On April 27, 2009, the Audit Committee recommended adding 1.00 Fraud Investigator (\$153,165) to primarily staff the Fraud, Waste and Abuse Hotline and 3.00 Principal Auditors (\$245,900) to be hired at the beginning of calendar year 2010. The annualized expense of these positions would increase to approximately \$645,000 in FY 2011 to reflect the new auditor positions being budgeted for a full year.

Recommended Revisions to the Proposed Budget

It should be noted that 3.00 new Principal Auditors were added to the Proposed Budget for the City Auditor in FY 2010. The 4.00 positions referenced above are in addition to the 3.00 Principal Auditors added in the Proposed Budget. If the 4.00 new positions are added, the City Auditor would have 14.00 Principal Auditors (up from 11.00) and total department staff of 18.00 FTEs (up from 14.00 FTEs).

In recent budget years, the City has allocated additional funding in an effort to rebuild a robust audit department. The City's independent audit consultant to the Audit Committee (Jefferson Wells) evaluated auditor staffing levels at other comparable public agencies and recommended the Audit Committee consider increasing the size of the department to approximately 24.50 FTEs. They further commented that City Auditor staff should be increased to adequately enable the department to perform sufficient work so that a judgment about the adequacy and effectiveness of risk management and control processes can be made.

Storm Water

3-Storm Water Expenditure Reduction- (\$1,000,000)

The May Revise proposed to reduce the Storm Water Department's FY 2010 budget by \$6.4 million. This action would increase the total reduction to \$7.4 million and result in a FY 2010 Storm Water budget of \$38.1 million. An additional \$5.7 million has been encumbered from the FY 2009 budget to be expended in FY 2010. As noted in prior IBA reports, an ongoing concern for the past two fiscal years has been the Department's ability to expend all budgeted funds by the end of the fiscal year. Both the Mayor's Office and the IBA have been carefully reviewing the Storm Water budget and expenditure plans with the goal of more accurate budgeting. The issue became a greater concern when the pattern continued through FY 2009. This program is a high priority and was identified as one the Mayor's Eight Significant Funding Areas beginning in FY 2008. However, over-budgeting in this area ties up scarce General Fund resources. It is also critical that this program become very efficient and develop an accurate, reliable baseline budget that ties to specific outcomes in order to justify moving forward with a Storm Water fee in the future, if the Council so chooses. The Department has recently made progress in filling vacancies, initiating contracts and developing a more comprehensive spending plan. Based on spending patterns, we believe that a budget of \$38.1 million, together with the carryover funds, will enable the department to effectively carry out its program in FY 2010. Should budget shortfalls become a concern, use of the Appropriated Reserve could be considered.

Recommended Revisions to the Proposed Budget

Appropriated Reserve

4- Designate Funding for the Appropriated Reserve- \$1,666,935

Consistent with the City's Reserve Policy and the past two fiscal year budgets, we recommend creation of a small Appropriated Reserve in the event of unforeseen circumstances that require mid-year funding such as increasing Police and Fire academy classes to meet critical public safety staffing levels or to provide additional funding for Storm Water if determined necessary. The FY 2010 Proposed Budget provides for a General Fund Reserve estimated at \$80.2 million, or 7.11% of the General Fund Proposed Budget, slightly in excess of the FY 2010 reserve goal of 7%. However, in contrast to the past two fiscal year budgets, no provision has been included in the budget for an Appropriated Reserve, which is defined in the policy as a contingency for unanticipated, non-emergency, high-priority needs that surface mid-year, where no alternative funding is available.

This allocation of \$1,666,935 to an Appropriated Reserve would count toward the City's total Reserve goal for FY 2010, increasing the reserves to a total of \$81.9 million and to 7.26% of the General Fund budget. Any unused funds would revert to fund balance at the end of the fiscal year.

Additional Areas

We further recommend that the following fund balances totaling \$2.5 million be reviewed immediately and considered for consolidation with our reserves for potential State action:

- Community Service Center Fund (10170) \$86,532 cash
- Child Care Construction Fund (10402) \$26,427 cash
- Child Care Operating Fund (10403) \$888,137 cash
- Office Space Project Fund (10404) \$207,492 cash
- Cities Readiness Initiative 06 (18885) \$172,244 cash
- Special Assessment Dist Delinquency Fund (79900) \$1,116,550 cash

These listed funds appear to have had limited activity, and their purposes are unclear. Consideration could also be given to consolidating with the City's reserves for potential State action, some or all of the \$11 million in Mission Bay Park and Regional Parks Improvement Funding, which was received prior to the July 1, 2009 effective date of Proposition C.

Part 2: Review of the Mayor's May Revise

We have reviewed and analyzed the Mayor's May Revise and offer the following comments, but no further revision, in the following areas.

General Fund Revenue

The May Revise proposes a net reduction of \$17.4 million in General Fund revenue. Tax revenues are projected to decline by approximately \$22.8 million, primarily due to a significant decline in property tax. These declines are partially offset by one-time transfers from the Trolley Extension Reserve and PC Replacement funds, and the budgeting of surplus FY 2009 Tobacco Settlement Revenue. The table below summarizes the proposed General Fund Revenue adjustments in the May Revise.

FY 2010 May Revise - GF Revenue Adjustments

Property Tax	\$ (16,717,360)
Transient Occupancy Tax	(4,585,598)
Property Transfer Tax	(1,498,971)
Transfer from Trolley Extension	2,847,906
FY09 Tobacco Settlement Rev.	1,329,293
Transfer from PC Replacement	705,593
Departmental Revenues	476,158
Total GF Revenue Adjustment	\$ (17,442,979)

Property tax revenues, with a proposed reduction of \$16.7 million, account for the majority of the downward revision. Information received from the County of San Diego has indicated that assessed valuation (AV) in the City of San Diego is projected to decline by 1.54% for FY 2010. However, this figure includes redevelopment areas, which will likely continue to see slightly positive growth in AV. As a result, the revised property tax projection reflects a more conservative negative 3.3% growth.

Transient Occupancy Tax (TOT) is projected to decline by 3.5% in the May Revise, compared to a 2% decline reflected in the Proposed Budget. We feel this revised growth rate better reflects the weak outlook for travel and tourism in the San Diego region. In addition, the revised growth rates are applied to a lower year-end projection for FY 2009, as reflected in the FY 2009 Year-End Report. Combined, these adjustments result in a \$4.6 million reduction in citywide TOT revenue, including a \$2.4 million reduction in TOT deposited directly into the General Fund, a \$443,000 reduction in the 1-cent discretionary transfer, and a \$1.7 million reduction in TOT allocated for General Fund "promotion-related" expenditures.

Review of the Mayor's May Revise

Property transfer tax has been reduced by \$1.5 million from the Proposed Budget, largely due to the lower year-end projection in FY 2009. In addition, the projected growth rate for FY 2010 has been lowered to negative 1.25% from a projected 2% increase in the Proposed Budget, reflecting a slower recovery in the housing market than previously anticipated.

Overall, we concur with the proposed revisions to the major General Fund revenue projections, and feel that they represent a more conservative baseline for the FY 2010 Budget. The table below reflects how the projections for several prominent General Fund revenues have changed over the past year in response to continually declining economic conditions.

General Fund Revenue Projections (\$ millions)

	FY 2008	FY 2009	FY 2009	FY 2009	FY 2010	FY 2010
	Actual	Budget	Revised	Year-End	Proposed	May Revise
Property Tax	\$ 384.3	\$ 411.1	\$ 396.6	\$ 395.6	\$ 399.3	\$ 382.6
Sales Tax	227.9	222.1	216.2	213.2	210.1	210.1
TOT	83.7	90.6	82.2	78.6	78.3	75.9
Franchise Fees	64.6	69.5	68.2	66.2	73.6	73.6
Property Transf.	7.0	8.9	6.4	5.3	6.0	4.5
Safety Sales	7.7	8.1	7.4	7.1	7.1	7.1
VLF	2.1	6.9	6.0	4.3	3.9	3.9

Review of the Mayor's May Revise

General Fund Expenditures

In our review of the May Revise, the IBA compared the revised FY 2010 Proposed Budget with the FY 2009 Adopted Budget. This comparison reflects a reduction of \$63.9 million from the FY 2009 Budget, comprised most significantly of changes totaling \$41.3 million in the areas of salaries and wages, and fringe benefits.

GENERAL FUND EXPENDITURES

CATEGORY	FY 2009 FINAL BUDGET	FY 2010 PROPOSED - REVISED	CHANGE
Salaries and Wages	\$541,702,137	\$515,727,484	(\$25,974,653)
Fringe Benefits	283,970,410	268,621,594	(15,348,816)
Supplies & Services	291,355,261	268,745,481	(22,609,780)
Information Technology	38,071,177	37,312,724	(758,453)
Energy & Utilities	27,649,538	28,363,036	713,498
Equipment Outlay	9,859,868	9,905,358	45,490
TOTAL	\$1,192,608,391	\$1,128,675,677	(\$63,932,714)
FTEs (Positions)	7,545.22	7,394.42	(150.80)

The Supplies & Services category also reflects a large reduction of \$22.6 million, and is approximately 7.8% less than the FY 2009 Budget. The Equipment Outlay category appears relatively unchanged, however increases for the fire station alerting system and new helicopter payments have been made in FY 2010, and without other offsetting reductions, would have caused an increase of \$2.7 million in this area.

These reductions also include the FY 2009 Mid-Year (First Quarter) budget reductions that will continue in the FY 2010 Budget, which include the reduction of 146.95 FTEs, and total savings of \$30.2 million, as reported in the Proposed Budget.

Additional Areas

Equipment Outlay

The May Revise includes a reduction of \$1.1 million in equipment outlay between the Police, Fire-Rescue, Streets and Park and Recreation departments. These reductions are not expected to have an impact on services or operations. As recommended before, a zero-based budgeting approach to equipment outlay would allow for better precision in budgeting, providing funds for that year's anticipated needs, but not tying up funds that are not necessary for equipment in that year. The IBA believes this area deserves greater scrutiny and should be evaluated in the case of State action or further economic weakness in FY 2010.

Review of the Mayor's May Revise

Library Operations and Maintenance Fund

On Tuesday, May 26, 2009, in considering the Year-End Report, the City Council approved a transfer of the balance of the Library Operations and Maintenance (O&M) Fund to the General Fund. The balance of this fund totals \$1.075 million; however the FY 2010 Proposed Budget includes an additional contribution of \$350,000 into this fund. The Mayor's May Revise proposes elimination of the transfer, saving the General Fund \$350,000.

In the IBA's Review of the FY 2010 Proposed Budget, the IBA recommended that the use of the accumulated funds in the Library O&M Fund and the annual contribution from the General Fund "be carefully reevaluated and recommendations for the fund be presented to the Budget and Finance Committee by September 2009."

However, in light of the Council's pending approval of the O&M balance transfer as part of the FY 2009 year-end report, the IBA agrees there is no need for a contribution of \$350,000 for FY 2010.

Information Technology

The IBA had previously recommended that funds related to Information Technology be reviewed and that fund balances be utilized in order to reduce City contributions in FY 2010. The IBA had estimated that General Fund savings could be at least \$2 million, if implemented. The May Revise includes the use of the fund balances of the Information Technology and Wireless Communications Funds, to the benefit of the General Fund, in the amount of \$1.3 million. In addition, the balance of other IT related funds have been proposed for transfer to the General Fund, including departmental PC replacement funds, with no expected impacts, increasing General Fund revenues by \$705,593. SDDPC rate adjustments due to the 6% compensation reduction by staff has also reduced IT budgets by \$864,623 citywide, with \$334,180 reduced in General Fund departments.

Review of the Mayor's May Revise

Police and Fire-Rescue Recruit Academies and Vacancy Savings

The IBA understands that no additional funding is proposed at this time for the recruit academies for the Police and Fire-Rescue Departments in FY 2010. However, the Mayor's Office has indicated that attrition and vacancies will be monitored, and the number and frequency of academies will be adjusted as needed during the year. Since no new funding is provided, if additional academies are deemed necessary to maintain critical staffing levels, mid-year funding may need to be requested.

In reviewing changes for Fire-Rescue, adjustments were made to both recruitment funding and academy funding during budget development. Each impacted overtime as staff will be redeployed to stations instead of academies or other assignments.

However, for the last few years, the Fire Department has over expended its budget, primarily due to emergencies and fire incidents, both here and throughout California, and costs are typically reimbursed. Because of this, it is not recommended that the salary budget be reduced more, because of departing staff, and it appears Fire-Rescue could be handled differently than the Police Department.

For the past three fiscal years, actual salary savings (including the budgeted vacancy savings) achieved by the Police Department has decreased from \$28.2 million in FY 2007 to approximately \$20 million, projected for FY 2009. For FY 2009, the approved budget reductions reduced the salary category by an additional \$5 million. Including the \$5 million reduction, total salary savings compared to the Adopted FY 2009 Budget would be \$25 million.

The departure of public safety personnel is expected as a result of labor negotiations. During recent budget hearings, the Police Department indicated that up to 100 individuals may leave by July 1. Because of this, the May Revise includes an increase of \$2.5 million to the budgeted vacancy savings for FY 2010 for the Police Department, bringing the total to \$16.2 million. Salary savings in excess of the budgeted vacancy amount is expected to be needed, to some degree, to fund additional or expanded recruit academies and overtime to ensure critical staffing levels are met.

POLICE DEPARTMENT							
Budgeted vs. Actual Salary Expenditures							
(in millions)							
FY	Budgeted Salary Category	Revised Salary Category	Actual /Proj.	Savings	Budgeted Vacancy Factor	Total VF + Savings	Sworn Vacancies
2010	\$226.9				\$16.2		
2009	\$231.2	\$226.3	\$219.4	\$6.9	\$13.0	\$19.9	161.75*
2008	\$214.8	\$214.4	\$208.2	\$6.2	\$21.3	\$27.5	179.75
2007	\$206.4	\$203.3	\$194.4	\$8.9	\$19.3	\$28.2	229.75

* FY 2009 Vacancies Year-To-Date, as of May 25, 2009

Review of the Mayor's May Revise

Consideration could be given to further increase vacancy savings for the Police Department, with the savings to be contributed to the Appropriated Reserve. The level of vacancy savings could be reevaluated and adjusted, if needed, at mid-year. The IBA believes these recommended reductions would not hamper recruitment efforts or staffing levels, but will more closely align the budget with actual projected experience.

Motive Equipment Usage/Fuel Reserve

The May Revise includes \$3 million in expenditure reductions related to motive equipment usage charges, including \$2.2 million savings in General Fund departments. In FY 2009, the Fleet Services Internal Services Fund projects savings of approximately \$6 million in the fuel budget. This surplus has allowed motive equipment usage charges to be reduced in FY 2010. In addition, the FY 2009 savings have been used to establish a fuel reserve of \$3 million, or 17% of the total FY 2010 fuel budget of \$17.3 million. The IBA recommended establishment of a fuel reserve to protect against future unanticipated fluctuation in fuel prices in our review of the FY 2009 Year-End Report, and we support this proposal.

TransNet Extension Congestion Relief Reallocation

For TransNet funding, Engineering & Capital Projects (E&CP) staff is proposing the reallocation of funding regarding TransNet Extension funded projects. A significant project proposed for reallocation of funding is Carroll Canyon Road – Sorrento Valley Road to Scranton Road (52-392.0). The Fiscal Year 2010 Proposed CIP budget reflects \$12.0 million in commercial paper for this project. However, this project was recently identified by the State for acceleration and also for receipt of Federal Stimulus highway funding. On May 19, 2009 the City Council approved entering into agreement with Caltrans to modify the existing Freeway Agreement enabling the City to take advantage of the Federal Stimulus highway funds. Due to timing of the project, staff proposes to reallocate TransNet Extension funds (cash) from multiple projects to the Carroll Canyon Road project. Staff has stated that these actions are related to cash flow management. Depending on a project's schedule, staff would rather use TransNet Extension funds (cash) then commercial paper, which is debt for the City.

The projects that are proposed to have their TransNet Extension funds (cash) reallocated will be backfilled using commercial paper or future TransNet Extension Funds. In addition, funding for these projects could be backfilled using the additional \$20.0 million in TransNet funds the City expects to receive as a result of the Federal Stimulus package. It is important to note that even if funding is identified for these projects in FY 2010, due to possible E&CP capacity issues, these projects could be pushed to FY 2011.

Review of the Mayor's May Revise

Use of One-Time Resources

In our Preliminary Report, we noted that the Mayor utilized \$22.1 million of what are considered to be one-time only resources including \$17.8 million of Internal Stabilization Funds and \$4.3 million in Library System Improvement Funds. We also noted our support for the Mayor's reevaluation of these miscellaneous funds which were established years ago during very different economic conditions, are not tied to any legal requirements or best practices and now have sizable fund balances. Additionally, the Proposed Budget identified an equal amount of one-time expenditures to match the onetime resources which is in accordance with the Government Finance Officers Association (GFOA) Recommended Budget Practices.

In the May Revise and as shown below, the Mayor has addressed a \$22.8 million reduction to FY 2010 revenues by utilizing an additional \$15 million of one-time resources together with some recurring items including storm water reductions and refinement to labor concession estimates.

One-Time Resources	Amount
Police Vacancy Factor	\$2.5 M
TRANS Interest	.9 M
PC Replacement Fund	.7 M
Trolley Ext Fund	2.8 M
Equipment Outlay	1.1 M
Tobacco Settlement	1.3 M
Non Discretionary Adjust.	3.7 M
Net Department Adjust.	2.0 M
TOTAL	\$15.0 M

The use of one-time resources continues to be of concern as it contributes to the City's structural budget deficit. Again, we support and have advocated for several years for the clean-up of miscellaneous funds as discussed above; and have recommended greater scrutiny of equipment outlay allocations as well as accurate budgeting of personnel expenses by applying realistic vacancy factors. We also see no readily available alternative solutions to balancing the May Revise without these resources. During an economic crisis, one-time solutions can help the City weather the effects of unusually large revenue declines which are expected to return to normal growth levels upon economic recovery. As noted in our Preliminary Report:

"While our office's position on this matter remains grounded in the best practices as set forth in our structural budget deficit report, our position on specific proposals for the utilization of one-time resources will be tethered to an analysis of the situation and the related criteria."

Review of Mayor's May Revise

Administrative and Management Positions Citywide

In a May 8, 2009 memorandum, Councilmember Emerald requested that the IBA provide an accounting of the Administrative and Management positions citywide added in to the FY 2010 Budget. In response to this request, the IBA reviewed all position changes contained in the Proposed Budget and the May Revise, and isolated the additions, which have been listed by department, classification, and bargaining unit, in the attachment to this report.

Our review determined that 76.90 positions were added to the FY 2010 budget Citywide, with 41.40 FTEs added to the General Fund. Of the General Fund additions, 18.46 FTEs were required for new facilities to be opened in the Library and Park and Recreation Departments. Included in these figures are 14.34 FTEs added in the Mayor's May Revise.

Part 3: Council Request of Mayor to Continue to Pursue Fiscal Reforms during FY 2010

Recognizing that the City is facing a structural budget deficit, and is expected to face a deficit in FY 2011 of more than \$100 million- **after** accounting for all FY 2010 corrective actions– the IBA recommends that the Council requests that the Mayor continue to study and implement various fiscal reforms over the course of the next year. A wide range of potential areas for achieving cost savings, new resources and/or efficiencies were identified by the Council during the FY 2010 budget process. Many of these require additional time for study or implementation as well as discussion at various Council Committees. To address the FY 2011 deficit and ultimately achieve fiscal health and stability for our City, the continuous pursuit of fiscal reform is necessary. The IBA recommends that the City Council request that the Mayor work with them to accomplish the following:

Recommended Fiscal Reforms from Council Ideas
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| <ol style="list-style-type: none">1. Work with the City Council to establish a Citizens Revenue Review and Economic Competitiveness Commission.2. Complete and implement all Business Process Reengineering studies.3. Complete comprehensive review of all existing funds including their legal bases, current and planned uses and fund balances.4. Review with the City Council any reassessments under consideration for City's reserve goals for the following funds: Public Liability, Worker's Compensation, and General Fund.5. Complete and bring forward to Council the results of the Development Services Department fee study and recommendations.6. Implement reforms to strengthen oversight of independent agencies including SEDC, CCDC and SDDPC.7. Address fiscal structural problems of the Refuse Disposal and Recycling Funds.8. Consider implementation of a zero-based budget approach for equipment outlay requests and an expenditure cap for consultant contracts.9. Report results of all deferred maintenance assessments to Council upon their completion. Determine causes for delays in completion of deferred maintenance/capital projects and develop recommendations for improvements.10. Develop and adopt a "Budget Policy" to provide agreed upon principles and best practices for annual budget monitoring and development.11. Develop recommendations for achieving cost recovery for professional sports teams and others who utilize Petco Park and Qualcomm Stadium.12. Complete processes necessary to allow managed competition decisions to move forward.13. Work with the Council to undertake a Community Attitude Survey to gather scientifically random data on citizen prioritization and satisfaction of City services.14. Present the results of Real Estate Assets' Portfolio Management Plan to Committee and Council.15. Explore ways to expand commercial marketing and increase City resources using City facilities, vehicles, and publications. |
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Conclusion and Recommendations

The IBA recommends Council approval of the Mayor's FY 2010 Proposed Budget, the Mayor's May Revise, and the IBA proposed revisions as summarized below:

IBA Proposed Revisions				
		FTE	EXPENSE	REVENUE
Resources Changes				
1	Park & Recreation-Antenna Lease Revenues			816,000
Expenditures Changes				
1	Business Office- Reduction of Managed Competition Funding	-	(250,000)	
2	City Auditor- Addition of Auditor Positions	4.00	399,065	
3	Storm Water-Reduction of FY 2010 Funding	-	(1,000,000)	
4	Creation of an Appropriated Reserve Utilizing Net Resources	-	1,666,935	
TOTAL		4.00	\$ (816,000)	\$ 816,000

We further recommend Council approval of Part 3 of this report, "Council Request of Mayor to Continue to Pursue Fiscal Reforms During FY 2010;" and recommend that this approval be memorialized by resolution.

The Office of the Independent Budget Analyst

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FY 2010 Position Adds - General Fund

Total General Fund Position Change	-130.39
Less: Transfers/Reductions	-167.45
Plus: May Revise Additions	4.34
Additions to General Fund	41.40

GENERAL FUND

Dept #	Department Title	Classification Title	FTE	Bargaining Unit
11	Office of the Assistant COO	Assistant Chief Operating Officer	1.00	Unclassified
		Executive Secretary	1.00	MEA
51	City Auditor	Principal Auditor	3.00	Unclassified
52	City Treasurer	Assistant Investment Officer	1.00	Unclassified
55	Financial Management	Senior Budget Development Analyst	1.00	MEA
		Supervising Budget Development Analyst	1.00	Unrepresented
56	Debt Management	Program Coordinator	4.00	Unclassified
102	Purchasing & Contracting	Program Manager	2.00	Unclassified
110	Police	Payroll Specialist	0.25	MEA
120	Fire-Rescue	Assistant Fire Marshall	1.00	Local 145
		Account Clerk	2.00	MEA
150	Office of Homeland Security	Police Sergeant	0.35	POA
220	Community & Legislative Services	Program Manager (EGS)	1.00	Unclassified
Subtotal			18.60	

GENERAL FUND - New Facilities

Dept #	Department Title	Classification Title	FTE	Bargaining Unit
72	Mt. Hope Cemetery	Grounds Maintenance Worker II	1.00	Local 127
310	Library	Librarian II	1.00	MEA
		Library Assistant	1.00	MEA
		Library Aide	1.25	MEA
		Library Clerk	1.00	MEA
442	Community Parks I	Grounds Maintenance Worker II	4.81	Local 127
		Recreation Leader I Hourly	0.75	Local 127
		Recreation Center Director III	0.75	Local 127
		Annualization of FY 2009	0.63	Local 127
443	Developed Regional Parks	Pesticide Applicator	1.00	Local 127
		Equipment Technician I	1.00	Local 127
		Light Equipment Operator	1.00	Local 127
		Aquatics Technician II	0.05	Local 127
444	Community Parks II	Grounds Maintenance Worker II	0.12	Local 127
		Annualization of FY 2009	0.10	Local 127
449	Open Space Division	Park Rangers	2.00	MEA
		Associate Management Analyst	1.00	MEA
New facilities subtotal			18.46	

GENERAL FUND - May Revise

Dept #	Department Title	Classification Title	FTE	Bargaining Unit
45	City Attorney	Deputy City Attorney	2.00	DCAA
444	Park and Recreation	Swimming Pool Manager II	1.00	MEA
		Swimming Pool Manager III	1.00	MEA
		Supervising Recreation Specialist	0.34	MEA
General Fund May Revise Subtotal			4.34	

TOTAL General Fund	41.40
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FY 2010 Position Adds - Non General Funds

Total Non General Fund Position Change	-18.88
Less: Transfers/Reductions	-44.38
Plus: May Revise Additions	10.00
Additions to Non General Funds	35.50

NON GENERAL FUNDS

Dept #	Department Title	Classification Title	FTE	Bargaining Unit
539	Communications	Clerical Assistant II	1.00	MEA
		Storekeeper II	1.00	MEA
760	Water Department	Sr. Engineering Aide	2.00	MEA
820	Fleet Services	Administrative Aide II	0.50	MEA
930	QUALCOMM Stadium	Plumber	1.00	Local 127
		Refrigeration Mechanic	1.00	Local 127
		Building Service Technician	7.00	Local 127
		Building Supv	1.00	MEA
		Grounds Maintenance Worker I	4.00	Local 127
		Electrician	1.00	Local 127
10275	Redevelopment	Sr Management Analyst	1.00	MEA
		Financial Operations Manager	1.00	Unclassified
50070	SAP Support	Payroll Audit Supervisors	2.00	MEA
18555	HUD Programs Administration	Accountant II	1.00	MEA
		Community Development Spec II	1.00	MEA
Non General Funds Subtotal			25.50	

NON GENERAL FUNDS - May Revise

Dept #	Department Title	Classification Title	FTE	Bargaining Unit
760	Water Department	Field Representative	4.00	MEA
		Customer Services Representative	2.00	MEA
		Code Compliance Officer	3.00	MEA
		Assoc Management Analyst	1.00	MEA
NGF May Revise Subtotal			10.00	

TOTAL Non General Funds	35.50
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TOTAL City Position Adds	76.90
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Summary by Bargaining Unit	FTE	% of total
Unclassified	13.00	16.9%
Unrepresented	1.00	1.3%
DCAA	2.00	2.6%
MEA	34.34	44.7%
Local 145	1.00	1.3%
POA	0.35	0.5%
Local 127	25.21	32.8%
Subtotal	76.90	100.0%