

CITY OF SAN DIEGO
OFFICE OF THE INDEPENDENT BUDGET ANALYST

MONTHLY SNAPSHOT OF REPORTS AND ACTIVITIES

Special Announcements

Judy Stone, Executive Assistant to the IBA, will be retiring on Thursday, June 17th, after working for the City for 36 years. Judy's contributions to the operations of the office and her infectious smile and laugh will be greatly missed! Please join us when we recognize Judy with a Special Order of Business, followed with cake in the Council Committee Room, on June 29th, 2010.

We have selected **Veronica Murillo** to serve as the new Executive Assistant to the IBA. Veronica's first day with the office will be June 21st. We are excited to welcome Veronica to our office!

We would also like to announce the departure of **Dominika Bukalova**, Research Analyst, at the end of June. This fall Dominika will hold a fellowship at the Workshop in Political Theory and Policy Analysis at Indiana University, where she will be a student in the PhD program in political science.

Reports Highlighted for the Month of May 2010:

"Review of San Diego Housing Commission Fiscal Year 2011 Budget"
[Report No. 10-40](#) (5/7/10)

"Proposed Amendments to the Downtown Planned District Ordinances"
[Report No. 10-42](#) (5/14/10)

"Fiscal Year 2011 Final Budget Report and Recommendations"
[Report No. 10-43](#) (5/24/10)

"Medical Marijuana Regulatory Structure Costs and Fees"
[Report No. 10-45](#) (5/24/10)

UPCOMING BUDGET DATES

June 14 - City Council Final Budget Decisions (IBA Report to be Issued June 10)

Highlights of Major Reports Issued in the Month of May:

[Report No. 10-40](#) "Review of San Diego Housing Commission Fiscal Year 2011 Budget"

This report reviewed the major changes in the San Diego Housing Commission's (SDHC) FY 2011 expenditures and revenue, followed by a description of these changes by activity group from FY 2010 to FY 2011. The Housing Commission budget is organized into four activity groups - Housing Services and Special Initiatives, Real Estate, Operations, and Reserves - supported by a variety of restricted and unrestricted revenues. Expenditures within these activity groups are allocated within the categories of Salaries and Benefits, Services and Supplies, Housing Programs, and Reserves.

The IBA recommended the adoption of the FY 2011 Proposed Budget, along with the provision to delegate to the Housing Commission the authority to amend the FY 2011 Budget for amounts up to \$250,000. This delegation of authority is consistent with prior years. The IBA recommended the budgetary best practice of maintaining an Unobligated Reserve level of at least 5% of the total budget. In FY 2011, Unobligated Reserves are budgeted at 3.2% of the total budget. The IBA recommended that the Unobligated Reserves be replenished to the 5% level if additional funding is realized throughout the year.

On May 11, 2010, the Housing Authority voted 6-0 to approve the SDHC FY 2011 Budget.

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Report No. 10-42 “Proposed Amendments to the Downtown Planned District Ordinances”

On May 19, 2010, the Land Use and Housing Committee (LU&H) considered proposed amendments to the Downtown Planned District Ordinances, initially discussed at the October 21, 2009 meeting of the LU&H Committee. The proposed amendments would require that the issuance of a Centre City Development Permit for hotel projects with 100 to 200 guest rooms be subject to a Process 4 review (Planning Commission approval, with appeal to City Council), and that the issuance of a Centre City Development Permit for hotel projects with more than 200 guest rooms be subject to a Process 5 review (City Council approval). At the October 2009 LU&H Committee meeting, the IBA was directed to analyze the economic impacts to development downtown, as well as the impact to workers downtown.

Overall, the economic impact of the proposed amendment on downtown development and downtown workers cannot be adequately determined because the legislative intent of the proposal is unclear. While on face value the proposed amendment would simply result in a heightened review and approval process for certain downtown hotel projects, the increased uncertainty with respect to the ultimate outcome of this process may have significant impacts for downtown development. Furthermore, without clarification of the policy goals and intended outcomes, it would not be possible to determine the economic impact of the proposed amendment on downtown workers. Possible outcomes that could benefit downtown might be higher wages or increased employment opportunities. However, such economic impacts can only be determined if policy goals and intended outcomes are more clearly defined.

Following discussion at the May 19, 2010 LU&H Committee meeting, the Committee voted 3-1 to direct the City Attorney to prepare an Ordinance that would require a Site Development Permit in accordance with Process 4 for downtown hotel projects with 100 to 200 rooms and a Planned Development Permit in accordance with Process 5 for hotel projects with 200 or more rooms, with the CCDC Board acting in lieu of the Planning Commission. The motion also requested the Mayor’s office to assist in processing these proposed amendments in accordance with the City’s Municipal Code.

Report No. 10-43 “Fiscal Year 2011 Final Budget Report and Recommendations”

This final report focused on a review of the Mayor’s May Revise; individual City Council budget priority memos; issues raised during department budget hearings; additional IBA research and analysis; and further discussions with City departmental staff. Also included was a discussion of the current year projected budget deficit as recently reported in the FY 2010 Year-End Monitoring Report; and the impact this could have on final Council budget deliberations.

As noted in the introduction of the Mayor’s May Revise, the Mayor’s recommended revisions did not include suggestions or recommendations made by individual Council members for which no specific funding source was identified to fund or restore a particular program or service. Most notably this reference speaks to concerns regarding the impacts of browned-out Fire engines expressed by several Council members at Committee meetings and budget hearings over the past several weeks. The May Revise also did not include funding to implement Audit Committee recommendations regarding the City Auditor’s budget.

To respond to requests made by Council members at the hearings or in memos, our office has continued to explore resource options and this report identified several for Council consideration. As noted in our Review of the FY 2011 Proposed Budget, we did not advise restoring past reductions due to the tentativeness of the City’s General Fund budget.

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Report No. 10-43 “Fiscal Year 2011 Final Budget Report and Recommendations”

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At the May 26, 2010 Special Joint Meeting of the Budget and Finance Committee and City Council Committee of the Whole, the Council voted to continue the discussion of the final budget solutions to the June 14th, 2010 City Council meeting, and directed the IBA to identify additional options for resources, and to include the \$500,000 road connection study.

Report No. 10-45 “Medical Marijuana Regulatory Structure Costs and Fees”

On April 28, 2010, at a Public Safety & Neighborhood Services Committee (PS&NS) meeting, the PS&NS Committee directed the IBA to review the implementation, costs, fee structure, and the proper departmental jurisdiction and to report back to the Committee at the May 26, 2010 meeting.

In this report, the IBA evaluated each of the Medical Marijuana Task Force’s regulatory recommendations for the appropriate departmental jurisdiction within the City that would undertake the administrative and regulatory oversight as recommended by the Task Force and LU&H. The review determined that there are existing regulatory structures within the Development Services Department, the Police Department, and the Treasurer’s Office that are appropriate to address the recommended regulatory actions. These departments will have to work to determine the most effective and efficient manner to conduct the various permitting processes across their departments.

The identification of the costs and a recommendation for specific cost recovery fees for the regulation of medical marijuana collectives/cooperatives would require a determination of the specific requirements and departmental responsibilities as outlined within a future City Ordinance. Where an appropriate fee structure does not already exist, the identified City departments will need to conduct a fee study to assign costs to their required administrative and/or regulatory duties, based on the specific personnel or non-personnel costs particular to each.

At the May 26, 2010 PS&NS meeting, the Committee voted 4-0 to direct the City Attorney to develop an ordinance for the regulation of medical marijuana cooperatives using the recommendations of the Medical Marijuana Task Force with two amendments. The Committee directed that this ordinance be forwarded to the full City Council, along with a land use and zoning ordinance being developed by the City Attorney.

Other Reports Issued in the Month of May 2010:

Report No. 10-39 (5/7/10)

“Analysis Related to a Proposal to Transfer the City Treasurer’s Revenue Audit Program to the Office of the City Auditor”

Report No. 10-41 (5/7/10)

“Update to Council Policy 900-14, Sustainable Building Policy”

Report No. 10-44 (5/24/10)

“Update on Council Recommendations for Financial Reform and Elimination of the City’s Structural Budget Deficit”

Report No. 10-46 (5/25/10)

“Budgetary Implications of Base Salary Cap for Unrepresented Employees”



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