

MONTHLY SNAPSHOT OF REPORTS AND ACTIVITIES FOR MARCH 2011

Reports Highlighted for the Month of March 2011:

Highlights of Major Reports Issued in the Month of March:

[Report No. 11-13](#) “DROP Cost Neutrality Study”

The Deferred Retirement Option Plan (DROP) is a voluntary program for City employees who were hired before July 1, 2005. DROP became effective April 1, 1997. City employees who are eligible to retire and were hired before July 1, 2005 are eligible to participate in DROP. Such employees can continue to work under the DROP for up to a five year period, and are considered active employees.

A DROP cost neutrality study is fundamental in determining compliance with San Diego Municipal Code section 24.1401, in which it is stated that “DROP is intended to be cost neutral.” The DROP cost neutrality study, which was presented to City Council on March 7, 2011, was prepared by the firm of Buck Consultants.

The result of the DROP cost neutrality study is that DROP is cost neutral based on the established 2% tolerance level; but it is not cost free. The results of Buck’s analysis showed that the cost of the City benefits structure with DROP is 1.6% higher than the cost of the City benefits structure without DROP.

The IBA supports efforts that bring DROP toward the goal of being cost free. Further, it would be even better if DROP were to produce cost savings for the City, while providing an advantageous benefit for City employees. In addition to providing background information of the DROP cost neutrality study and the study’s outcomes, the IBA report also provided modifications to DROP that should be considered in the future to bring DROP toward the goal of being cost free.

The IBA also recommended that the City consider obtaining a periodic DROP cost neutrality analysis – within two years if the City implements retiree healthcare reform, and possibly once every five years, thereafter.

“DROP Cost Neutrality Study”

[Executive Summary](#) (3/4/11)

[Report No. 11-13](#) (3/4/11)

“Medical Marijuana Regulatory Structure Costs and Fees (Updated)”

[Executive Summary](#) (3/25/11)

“Second Update to Menu of Budget Options”

[Executive Summary](#) (3/25/11)

[Report No. 11-21](#) (3/25/11)

[Attachment 1](#) (3/25/11)

“Supplier Diversity Models”

[Executive Summary](#) (3/16/11)

[Report No. 11-17](#) (3/16/11)

[Attachment](#) (3/16/11)

[Report No. 11-17](#) “Supplier Diversity Models”

On November 16, 2010 the City Council discussed Item Number 331, “Performance Audit of the Subcontractor Outreach Program (SCOPE).” The audit revealed limitations of SCOPE, which is a program that aims to maximize subcontracting opportunities for all qualified and available firms and to provide an equal opportunity for all subcontractors to participate in the performance of City construction work.

During the public comment period of this item there was also concern with equal opportunities for all qualified and available firms in the awarding of City contracts for goods and services, which is done through the Department of Purchasing and Contracting.



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A member of the public requested that the IBA provide an assessment of supplier diversity program models, address a potential consolidation of Purchasing and Contracting and the Equal Opportunity Contracting Program (EOCP), and the implementation of Information Technology (IT) Enhancements discussed for the past four years. This report addressed those items.

The three supplier diversity models that were assessed were the City of Los Angeles, San Diego Gas & Electric (SDG&E) and AT&T. After assessing the three models, two important differences emerged between them and the City of San Diego: 1.) the use of an automated vendor registration system and 2.) systemic reporting of efforts and results.

Based on our review, the IBA recommended that regular status reports be provided by the Purchasing and Contracting Department (P&C) on supplier diversity efforts of goods and services contracts, including status of implementation of an automated vendor registration system.

This report was presented to the Rules Committee on March 23, 2011 as an informational item. The committee requested that more information be provided by the Purchasing and Contracting Department and the Mayor's staff on supplier diversity efforts including the implementation of an automated vendor registration system.

[Report No. 11-20 "Medical Marijuana Regulatory Structure Costs and Fees \(Updated\)"](#)

On Monday March 28, 2011 the City Council was asked to adopt two ordinances related to Medical Marijuana. The first would amend the City's Land Development Code and Local Coastal Program pertaining to medical marijuana cooperatives and the second would amend the Municipal Code relating to medical marijuana regulations for qualified patients, caregivers, and consumer cooperatives. The two ordinances resulted from the review and recommendations made by the City Council, Medical Marijuana Task Force, Land Use & Housing Committee (LU&H), Public Safety & Neighborhood Services Committee (PS&NS), Community Planners Committee, and the City Planning Commission.

At the April 28, 2010, PS&NS Committee meeting, the Medical Marijuana Task Force reported on its recommended guidelines for medical marijuana patients and police department enforcement. In response to this request, the IBA released report [#10-45 Medical Marijuana Regulatory Structure Costs and Fees](#) which was presented to the PS&NS Committee on May 26, 2010. Report #11-20 updates report #10-45 to reflect additional information that has become available since the release of our original report.

In Report No. 11-20, the IBA evaluated the draft ordinances for Medical Marijuana and provided an overview of departmental jurisdictions within the City that could undertake the administrative and regulatory oversight of the cooperatives. In addition, we provided examples of the permit fees charged by other California cities for the regulation of cooperatives. However, under the City's form of government, the staff that will be responsible for implementing and enforcing these ordinances report to the Mayor and they will ultimately need to provide an implementation and enforcement plan as well as proposal for a cost recovery fee in order to minimize the impact to the General Fund.

The first of two required readings of these ordinances occurred on March 28, 2011. The ordinances with proposed amendments passed 5-2 with Council District Eight absent. Amendments to the ordinances included requiring applicants to obtain a Process Three Conditional Use Permit to operate a medical marijuana dispensary.

Applicants must subsequently obtain a public safety ordinance permit as well. It was also proposed that each conditional use permit issued be valid for a maximum of five years. The second reading of this ordinance is scheduled for April 12, 2011.



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Report No. 11-21 “Second Update to Menu of Budget Options”

On February 14, 2011, the IBA presented the Menu of Budget Options to the City Council. The Menu was very extensive, consisting of 295 options from various sources, such as Councilmember memos and reports, the Citizen’s Revenue Review and Economic Competitiveness Committee, the Citizen’s Fiscal Sustainability Taskforce (12/2009 and 9/2010 reports), San Diego Speaks, labor organizations, the San Diego County Tax-payers Association, and other constituent suggestions.

On March 14, the IBA presented a focused list of Menu options to the City Council for discussion and consideration. At that meeting, several Council members expressed the desire to take action on a number of the options presented by the IBA in order to provide input to the FY 2012 Proposed Budget in advance of its release on April 15. The IBA was directed to report back with additional information on the focused Menu options in anticipation of Council action at the next hearing.

Since the March 14 meeting, the IBA has continued to research the items on the focused list of Menu options, and has provided additional information on several of the items. In addition, the IBA has been able to provide dollar estimates of potential savings or new resources for a majority of the focused Menu options.

The Mayor and the Chief Operating Officer have indicated that several of the items on the IBA’s focused list of Menu options are being considered for implementation in the FY 2012 Proposed Budget. In addition, there are a number of other focused Menu items that have not been mentioned by the Mayor or COO for possible inclusion in the Proposed Budget, but which may still be implemented in FY 2012. Finally, there are also several focused Menu items that have been determined to be longer-term in nature due to meet and confer requirements or other implementation challenges.

To help protect city services when alleviating the FY 2012 budget deficit and beyond, the IBA recommended that the Council consider adopting a Resolution requesting that the Mayor:

- Incorporate savings or new resources from the items on the focused list of Menu options into the FY 2012 Proposed Budget where feasible;
- Revisit the FY 2012 major revenue projections from the Five-Year Financial Outlook to determine if higher growth rates are warranted;
- Begin working on the longer-term Menu items, as identified above, for possible implementation in FY 2013.
- Utilize any identified savings or new resources to preserve critical General Fund services including Police, Fire, Parks & Recreation, and Libraries, consistent with the FY 2012 Budget Priorities Resolution adopted by the Council on February 14, 2011.

On March 29, 2011, the City Council voted unanimously to request the City Attorney’s Office to prepare a resolution that included the selected options from the budget menu and other options put forward by the City Council during the discussion. Any savings or new resources realized should help preserve critical General Fund services such as restoring public safety service levels. There were also requests for additional information on a number of the items included in the resolution such as restrictions for enacting paid parking at beaches and regional parks and a review by the Mayor’s Office of the number of vacant positions in the City.

The resolution will be discussed at the April 12, 2011 City Council meeting.

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Other Reports Issued in the Month of March 2011:

[Executive Summary](#)

[Report No. 11-12 \(3/4/11\)](#)

“Parking Meter Utilization Improvement Plan”

[Executive Summary](#)

[Report No. 11-14 \(3/11/11\)](#)

“Renewal of En Pointe Help Desk & Desktop Services Contract”

[Executive Summary](#)

[Report No. 11-15 \(3/11/11\)](#)

“Update to Menu of Budget Options”

[Attachment 1 \(3/11/11\)](#)

[Attachment 2 \(3/11/11\)](#)

[Attachment 3 \(3/11/11\)](#)

[Attachment 4 \(3/11/11\)](#)

[Executive Summary \(3/11/11\)](#)

[Report No. 11-16 \(3/11/11\)](#)

“Approval of Tentative Bid to Goal MOU's”

[Attachment 1 \(3/11/11\)](#)

[Executive Summary \(3/18/11\)](#)

[Report No. 11-19 \(3/18/11\)](#)

“Information Requested in Relation to the Delayed Financial Statement Audit for Fiscal Year 2010”

[Attachment 1 \(3/18/11\)](#)

[Attachment 2 \(3/18/11\)](#)



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