

CITY OF SAN DIEGO
M E M O R A N D U M

DATE: November 21, 2003

TO: Honorable Mayor and City Council

FROM: City Manager Michael T. Uberuaga

SUBJECT: Dissemination of Information on Fire-Rescue Department
Budgetary Needs

Recent concerns have been expressed regarding the ability of the City of San Diego's Fire-Rescue Department to respond to major incidents as well as the availability of critical information. As City Manager I have and will continue to be forthright in the delivery of relevant information to the Mayor, City Council and general public. The City Manager's Office has not withheld vital information that would prevent the Mayor and City Council from making informed decisions.

Throughout my tenure as City Manager, I have presented hundreds of reports that contained both positive and negative information regarding fiscal conditions, status of programs or other issues. These have been presented to the full City Council, standing committees and are also available to the general public.

Information Delivery

The flow of information from departments is typically presented in a City Manager's Report (CMR) which provides information on a specific issue. These reports are typically generated through Council members' discussions in either City Council meetings or standing committee meetings. Reports are structured so as to provide background information, a discussion of the issue(s) and recommendations. They are focused and centralized to the subject area. Departments generally gather and prepare the information regarding the subject and then review the information with the City Manager or the City Manager's staff. Any changes made to the reports or presentations are done to provide the most relevant information. Revisions are not done to bias the reader or withhold vital facts that may affect decision making abilities.

Over the last year, numerous City Manager Reports have specifically addressed issues pertaining to the Fire-Rescue Department including the reorganization of the Department, the status of the Regional Fire and Rescue Helicopter Program and the Lifeguard and Fire Facility Improvements Program. Each report was comprehensive and provided specific information that would aid in the policy making process. These reports have been and continue to be available on the City's website at www.sandiego.gov.

Fiscal Year 2004 Budget Process

Based on my responsibility as outlined in City Charter Section 28, I delivered a proposed balanced budget to the City Council on May 5, 2003. In my comments during the budget review to the Mayor and Council on June 9, 2003, I indicated that the budget presentations would be focused on the elimination of a \$30 million deficit in the General Fund rather than the identification of unmet needs. There was a specific focus on the impacts of these reductions. Further, I explained that over 53% of the General Fund budget is allocated to Police and Fire-Rescue and in order to identify the \$30 million in reductions we would have to make reductions in both Police and Fire. Therefore most of the budget discussion was focused on not what would or could get funded, but how much was proposed to be reduced in order to have a balanced budget. The City has been focused on the challenges of maintaining service levels and has not been in the financial position to expand service levels.

The Fiscal Year 2004 General Fund budget increased by \$13.7 million primarily to fund new or expanded facilities and negotiated salaries and benefits. The Police Department received \$11.1 million and Fire-Rescue received \$4.8 million, the remainder was allocated to the remaining General Fund departments. A reduction of approximately \$28 million throughout General Fund operations was necessary in order to stay within projected General Fund revenues. As public safety is the City's highest priority, it received the fewest reductions. Fire received the lowest reduction in the General Fund with an approximate reduction of 1%, and Police was the next lowest with an approximate reduction of 2%. Most other General Fund departments' budgets were reduced by more than 2%.

As you know the budget process is a very detailed exercise in determining priorities of City operations while trying to balance limited revenues. Each year, every City department submits a prioritized list of requests to fund operations for the subsequent fiscal year. The vast majority of times these General Fund requests exceed revenue forecasts. These requests are summarized and discussed by the City Manager's executive team to determine funding strategies. The basic premise is to fund the essential services and keep facilities operating. This has created the situation of deferred maintenance, deferred fleet replacement, reductions in budgeted positions, and the limiting of operating hours, all in an effort to maintain public safety services within the limited revenues.

Fire-Rescue Department

With respect to the specific concerns that information was not made available to the City Council, I offer the following. During the Fiscal Year 2004 Proposed Budget presentations, the only issue from the Fire-Rescue Department's draft presentation that was not discussed was the issue of Downtown Growth.

Downtown Growth –

The decision to remove the reference to downtown growth from the Fire-Rescue Department Draft Presentation, (Chart 17) was consistent with a memo regarding this subject dated April 10, 2003, from the Fire Chief to the Assistant City Manager. The Fire Chief stated that, “I recommend we respond to the CCDC with our overall concerns and hold off outlining the specific number of required resources or stations until completion of the accreditation process”. The accreditation process is scheduled to be completed in approximately 12-18 months, at which time we will provide analysis and recommendations on addressing the fire needs for the downtown area.

The issues of the Seasonal San Diego Regional Fire and Rescue Helicopter Program and the Mobile Data Terminals were both presented in the Fire-Rescue Department Fiscal Year 2004 Proposed Budget presentation at the June 9, 2003 City Council meeting.

The Seasonal San Diego Regional Fire and Rescue Helicopter Program –

The desire to secure a regional fire fighting helicopter first began through discussions in 1998. A more recent discussion at the Public Safety and Neighborhood Services (PS&NS) Committee was held on February 5, 2003. In addition, the Seasonal San Diego Regional Fire and Rescue Helicopter Program was docketed for discussion at the City Council meeting on June 17, 2003, with the recommendation to enter into a contract for helicopter support for the City of San Diego. During final budget preparations, in a meeting between Fire-Rescue Department staff and myself, it was concluded to keep the Seasonal San Diego Regional Fire and Rescue Helicopter Program on Chart 7 which identified recent departmental accomplishments. The primary decision to remove the Seasonal San Diego Regional Fire and Rescue Helicopter Program topic from the unmet needs slide was based on three reasons. 1) To meet our 15 minute presentation time limit; 2) to not discuss in detail the unmet needs which I stated would only be addressed at the request of the Mayor and City Council, and then the Fire Chief would be prepared to discuss them; and 3) the Seasonal San Diego Regional Fire and Rescue Helicopter Program was already docketed to be discussed with a complete report with my recommendation to support the program and pursue funding through outside sources at the June 17, 2003 City Council Meeting, (CMR 03-121). For more information regarding the history of the San Diego Regional Fire and Rescue Helicopter program see the attached.

Mobile Data Terminals (MDT) –

An allegation was made regarding the removal of the discussion of MDTs from the Fire-Rescue Department reorganization report that was presented to the PS&NS Committee on January 10, 2003. A referenced memo dated August, 2002 was a memo from the Fire Chief to the Assistant City Manager regarding the overall reorganization proposal and included the Fire Chief’s observations regarding his organization. This memo was a 10-week assessment by the Fire-Chief of the Fire-Rescue Department and was never intended to be a formal City Manager’s Report.

The reorganization was supported by this Office and discussed with the PS&NS Committee on January 10, 2003. The MDTs were not part of that discussion because they

had been previously discussed and a plan of action was already under way. Discussions regarding the MDTs occurred on February 21, 2001, November 26, 2001 (CMR 01-251), and most recently through a follow up report issued on September 5, 2003 (CMR 03-181) and discussed before the PS&NS Committee on September 10, 2003. The MDTs and the need to upgrade the Public Safety Communication System are also reflected in the Fiscal Year 2004 Annual Budget (Vol. IV, Page 112). The Fire-Rescue Department budget presentation included the MDTs as a significant budget issue (Slide 14) that was not adequately funded.

Consistent with my previous practices, on each occasion when a decision is made to remove information from a draft report, it is based solely on the knowledge that the issue is being discussed with the Mayor and City Council in a separate forum, or the information is not pertinent to the subject being discussed.

It is important to remind the City Council that although the Fire-Rescue Department has been impacted by fiscal constraints, public safety, which includes both Police and Fire-Rescue, continues to be the highest priority of this City Manager. The Fire-Rescue Department took a \$2.1 million reduction in non-personnel; however the net impact to the Departments budget to fund increases in negotiated salaries, and the new Fire Station 46 in the Black Mountain Ranch community was \$4.8 million. The new Fire Station 46 is necessary to remain consistent with the City Council Policy to provide an average six minute response times to residential areas. In addition, the Fire-Rescue Department received funding for three new apparatus.

Over the last five years the Fire-Rescue Department budget has increased \$32.6 million, with \$23.7 million, or 73% going to fund negotiated salaries and special pays. This has created a situation of limited revenues whereby equipment replacement is supplanted by increases in personnel expenses.

Additionally, the City Council approved in April 2002 the Fire and Lifeguard Facility Improvement Program. The cost of the Program is estimated at \$45 million of which \$34 million is for Fire and \$11 million is for Lifeguard projects. The program will be supported primarily through debt financing. Sales Tax generated as a result of Proposition 172 is the primary source of repayment.

Fire-Rescue Department Information

The disclosure of information relating to Fire-Rescue Department resources has been presented in a variety of reports. Most of the discussions were based on the status of programs or the specific lack of funding. These published reports have been provided to the Mayor and City Council.

- In the February 2002 report prepared by the Mayor's Blue Ribbon Committee on City Finances, the findings identified a total of a \$27 million deferred purchase backlog (fleet replacement) for the Fire Department.

- In the Fiscal Year 2002 Proposed Budget, I included in the Policy Issues discussion (Vol. I, pgs. 57, 58) the fact that over the past ten years, due to funding constraints, apparatus replacement was inadequate to meet long term requirements.
- The February 24, 2003, Fiscal Year 2003 Financial Review and Status report indicated that due to financial constraints I requested that Fire-Rescue defer filling all vacant, non-constant staffing positions (fire station personnel) for the remainder of the fiscal year.
- The March 17, 2003 Fiscal Year 2004 Financial Forecast stated that most General Fund departments, including Police and Fire-Rescue, reduced their appropriations further by two percent to accommodate the lack of growth in revenues. It further stated that public safety departments will make reductions primarily comprised of decreases in non-sworn positions and operations. Every effort would be made to minimize public safety service level impacts.
- In the Fiscal Year 2004 Proposed Budget the Unfunded Needs section (Vol. I, Pg. 15) listed many needs that require additional funding in the current year and future years. Though essential, these items were not funded due to the budget constraints. The items traverse all City departments and include deferred maintenance, public safety fleet, and public safety overtime needs.
- During the Fire-Rescue Department presentation to the City Council on June 9, 2003, significant budget issues which are not adequately funded including, fire apparatus replacement, lifeguard vessel replacement, MDT replacement and the dock at the Lifeguard headquarters were discussed.
- In addition to the reference by the Fire Chief on the Seasonal San Diego Regional Fire and Rescue Helicopter Program, during his budget discussion on June 9, 2003, the Fiscal Year 2004 Budget document also identifies the need for a Regional Fire helicopter. It was reported that a seasonal pilot program (120 days) was initiated for the months of July through November 2003. It also mentions that the Fire-Rescue Department will work with local business, government and community leaders to secure funding for a more extensive program. (Vol. III, Page 459)

The City of San Diego has limited revenue and a relatively low tax base as compared to other California cities. In addition, since 1992 the State has diverted approximately \$351 million of revenue to help balance its budget. This has further eroded the City of San Diego's revenue base. There are several reports that discuss our need for additional revenue and the fact that key items are not being funded during the budget process due to limited revenue. Two examples of those reports include the City Manager's report dated March 28, 2003, on opportunities for the expansion of the current revenue and the Blue Ribbon Committee Report on the City of San Diego Finances dated February, 2002.

Conclusion

In the majority of reports to the Mayor and City Council, the prevailing theme has been the lack of available and sustainable revenue. This has been exhibited by the lack of resources including the Seasonal Regional Fire Helicopter Program. This has been verified by the Mayor's Blue Ribbon Committee on City Finances (February, 2002), in the findings of the Affordable Housing Task Force, and recently in the Manager's Report on the Opportunities for the Expansion of Current Revenues (March 28, 2003), which included unfunded needs of public safety overtime and fire apparatus replacement.

The Mayor's Blue Ribbon Committee on City of San Diego Finances determined that "In order to maintain the City's current service levels and address the various issues raised in this report, the City must pursue across-the-board efficiency efforts, as well as increase its current revenue base, and seek alternate revenue sources."

The State of California continues to siphon money away from the City; the Fiscal Year 2004 Annual Budget Executive Summary states that any further reductions in State Revenues may cause the City to further reprioritize the use of existing resources. Potentially deep reductions to public safety could negatively impact the number of detectives on the police force, the air support and the availability of fire engines and truck companies.

The General Fund has insufficient revenue to fund on-going needs and growth in the General Fund which in turn prevents the funding of necessary and ongoing needs of all departments and ultimately constrains the current and future needs of the City. On-going efforts to maximize resources and minimize costs have created millions of dollars of savings over the last 10 years. However, annual budget reductions in the General Fund totaling over 15% over the last three years have been detrimental to maintaining proper service levels.

The information contained in this memo and in the attachments was compiled within a short timeframe; therefore there may be further supporting documentation that has not been included in this report. Any additional information found or brought to my attention will be forward to the Mayor and City Council. I will continue to provide the most comprehensive information available in order to allow the Mayor and City Council to make the most informed decisions.

Michael T. Uberuaga
City Manager

Attachment:

San Diego Regional Fire and Rescue Helicopter Program History