Facing The Challenge of Implementing Proposition F in San Diego

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RAND INFRASTRUCTURE, SAFETY, AND ENVIRONMENT

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Preface

After operating with a Council-Manager form of government for over seven decades, the voters of San Diego decided in the November 2004 election to switch to a Mayor-Council government, effective January 1, 2006. Concerned about the progress of the transition to the new form of government, the Better Government Association of San Diego, a sponsor of the charter amendment, asked the RAND Corporation to identify and recommend organizational and procedural options for the new form of government and to recommend actions that might be taken to facilitate the transition. This report presents the results of that study.

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Executive Summary

After operating with a Council-Manager form of government for over seven decades, the voters of San Diego in last November's election passed Proposition F, a charter amendment that will institute a Mayor-Council form of government as of January 1, 2006. This decision was triggered both by a major unfunded liability in the City's pension program and by a more general decline in public confidence in the City's government. Concerned about the progress of the transition to the new form of government, the Better Government Association of San Diego, a sponsor of the charter amendment, contracted with RAND to identify and recommend organizational and procedural options for the new form of government and to recommend actions that might be taken to facilitate the transition.

Key Issues for the Executive Branch

Under the new system, San Diego's Mayor will have two principal duties: management responsibility for the City's operation and political responsibility for shaping the City's policy priorities. To perform these roles effectively, the Mayor will need to make four critical organizational decisions:

- Whether to merge or separate these management and policy responsibilities when the Mayor organizes his/her staff
- What specific role the City's Chief Administrative Officer will play
- How to organize the City's diverse departments into functional groupings
- How to structure the lines of reporting authority between the Mayor and the department heads.

There is no single best practice the Mayor can rely on in making these choices. Rather the Mayor must weigh two different sets of considerations: the City's need for clear political leadership and the effects a new leadership style and organization will have on City staff, the Council, and the public at large. Ultimately, the choice

will depend on how the Mayor weighs these considerations, the Mayor's leadership style, and the skills available among the Mayor's key staff.

In addition to these organizational choices, the Mayor will need to deal with three other key issues: strengthening the City's budget function; developing an effective working relationship with the Council; and determining how to play a central role in the City's land-use planning and redevelopment activities.

In light of the City's financial problems and the pending departure of the City Manager, the Mayor will need to consider bringing new talent into the budget office and addressing three critical issues in his/her first proposed budget: making an accurate estimate of the City's revenues; showing how the Mayor's key policy initiatives are reflected in that budget; and deciding how the City will begin to repay its outstanding obligation to the City's pension fund. These requirements will be very difficult to meet if the new Mayor is not elected until November.

The Mayor's success in enacting new policy initiatives will hinge directly on his/her working relationship with the Council. A likely source of conflict in the Mayor-Council relationship will be constituent relations. Under the City Charter, the Mayor's office is the direct point of contact for dealing with constituent complaints and requests for City service. But the Council likely will not easily surrender its role in this area. We recommend that the Mayor establish an office of constituent services with an ombudsman to handle constituent complaints and service requests and inform both the Mayor's office and relevant Council members' offices as to their disposition.

Under the current system, the Council serves as the City's redevelopment agency, and the Mayor, as presiding officer of the Council, is the head of that agency. Since the Mayor will no longer be a member of the Council under the new system, he or she will no longer automatically have a formal role in the City's redevelopment policies. The City's redevelopment policies are a central component of its economic and social development policies, so this situation needs to be remedied.

Ultimately, the Mayor's success will depend more on leadership skills and the use of "the soft powers" of the office than on the exercise of formal powers. Using the status provided by the Mayor's office, broad outreach to the community and the media, accessibility to the public, and openness to suggestions are all critical ingredients of such leadership.

Key Issues for the Council

The City Council must make three key organizational decisions:

- How much power to vest in its presiding officer

- How it structures and assigns members to its standing committees
- The duties and staffing of its new budget and legislative analyst's offices.

A strong presiding officer will often be critical to helping the Council adjust to its new role and to establishing an effective working relationship with the Mayor. Correspondingly, we recommend that the Council vest its presiding officer with strong powers, including serving a two-year term, enforcing Council rules, appointing members to committees, referring matters to committees, and managing the Council docket process.

The details of committee scope are more important than the absolute number of committees. In that regard, combining the finance and rules committees (as the chairman of the Council's transition task force has recommended) places too much power in the hands of that committee. Instead, we recommend that those committees be kept separate. We also recommend that five members be assigned to each committee to prevent two council members from blocking referral of proposed legislation to the Council.

Among the key decisions in establishing the new budget analyst's office identified in Proposition F—as well as a new legislative analyst's office—are the scope of these offices' duties and their staffing. The budget office's key duties should be to prepare a detailed analysis of the Mayor's proposed budget and an analysis of the fiscal impact of proposed legislation. The analysis of the Mayor's budget should include an identification of how that budget reflects the Mayor's key policy proposals as well as how the Mayor's priorities compare with Council's. Since the Council's approval of the annual budget is its most important legislative function, this analysis will be central to the Council's oversight function. The legislative analyst's office should, when tasked by the Council, include analysis of pending legislation and conduct research and analysis on special topics.

In deciding how to staff these offices, the Council should appoint a core staff and add staff and expertise as the need become apparent. In light of the City's financial problems, we also recommend that Council members reduce the size of their personal staffs and use those resources to staff the budget and legislative analysts' office.

The Council (and also potentially the new Mayor) faces a particularly troublesome relationship with the independently elected City Attorney. In light of the role the City Attorney plays as a central advisor to the Council by providing legal advice and vetting the language of ordinances and regulations, it is essential that the Council has faith that the City Attorney represents its interests. However, the current City Attorney's belief that he can serve as both advisor and investigator of the Council makes it difficult to see how the Council can have faith that he adequately represents its interests. Changing this situation will require the Council (and the new Mayor) to develop a better working relationship with the City Attorney.

Staff Issues

Effective municipal government requires that each of the three central actors in local government (the Mayor, the Council, and City staff) perform their separate roles. City staff handle the day-to-day business of the City and understand the workings of City government better than the City's elected officials. Thus, securing their active cooperation and support in implementing and working with the new system will be critical to the success of both the Mayor and the new system.

These observations underline the importance we attach to the Mayor's decisions about the organizational issues identified above because they will have a direct effect on how well the Mayor works with the City's senior staff. Since virtually all of the City's senior staff will have been recruited by previous City Managers, their deputies, and department heads (and may as a result prefer the Council-Manager system), it is crucial that the new Mayor provide clear guidance to senior staff as to what is expected of them.

Transition Issues and Recommendations

Based on the experience of other cities that have recently undergone similar changes, we make four general observations about the transition process. First, the transition will be an ongoing process rather than a short-term exercise that ends on January 1, 2006. Second, conflicts are inevitable in interpreting and implementing charter changes. Thus, it is useful to put resolution mechanisms into effect before specific issues are decided. Third, despite the fact that the Mayor-Council system is subject to a five-year trial period, it is important for the participants in the transition process to take a long-term view toward improving the City's government rather than focusing on their short-term political objectives. Fourth, given the City's current fiscal situation and San Diego's political culture, it is important that the transition process be as transparent and inclusive as possible.

We then make four recommendations for the transition process. First, in light of the pending resignations of the Mayor and City Manager and the fact that a new Mayor may not be elected until November, too little progress has been made in thinking about the organization of the City's executive branch. Correspondingly, we recommend that immediate attention and very high priority be given to these tasks—perhaps by hiring the consultant identified to work on executive office issues. The consultant should identify the key issues and potential options for resolving those issues.

Second, although the City Council and the Citizen's Advisory Board formed to assist the City during the transition have made some progress on transition issues, there has been too little coordination on these efforts between the Mayor and City

Manager's office. To increase that coordination we recommend that a transition manager be appointed to help identify tasks, issues, and schedule constraints in order to move the transition process along. We also suggest that the transition manager, in cooperation with representatives of the City Manager/Mayor's office, the Council, and the City Attorney, work through eight or ten common decision processes toward this goal.

Third, although there will be multiple legal issues involved in making changes in the municipal code consistent with the new Charter, we note that not all of these issues can be resolved prior to December 31. Moreover, changing the municipal code does not lend itself to haste. Consequently, although we recognize the need to deal with as many legal issues as possible during the transition period, we recommend that the transition process focus on resolving the substantive issues involved and leave the resolution of the legal details to an elected Charter Review Commission that would be established after the reform is implemented. Among the issues that this commission needs to address is expanding the size of the Council beyond its current eight members.

Finally, given the City's current fiscal situation and the uncertain costs of the transition and the organizational changes needed to ensure the effective working of the new government, we recommend that, to the greatest extent possible, the executive and legislative branches reallocate resources rather than simply appropriating new funds for the transition and the new governmental units.

CHAPTER ONE

Introduction

The City of San Diego has operated with a Council-Manager form of government since 1931. However, last November the voters of San Diego changed the City's governance system when they passed Proposition F, a charter amendment that will institute a Mayor-Council form of government. This change will become effective January 1, 2006, and last for a five-year trial period unless extended by San Diego's voters.

The longevity of the Council-Manager form of government in San Diego makes it somewhat exceptional among large American cities, most of which operate with the Mayor-Council form. Indeed, the passage of Proposition F represented the culmination of a longer-term effort by local adherents of the Mayor-Council form to change San Diego's municipal government structure. As our research into the experience of other cities that have recently changed their form of governance indicates, such changes in governmental form are often associated with a crisis in local government affairs.

In San Diego's case, this crisis was initially financial: a large unfunded liability in the City's pension program that subsequently led to investigations into the causes of the crisis and the question of potential criminal liability; resignation of key local government officials; and a severe reduction in the City's credit rating that led to the City's inability to secure access to municipal credit markets. In combination, these problems—along with criminal indictments of three sitting Council members and a widespread perception that decisionmaking in the City lacked transparency—led to a crisis of confidence in the City's government, its leaders, and the ability of City Hall to manage the City's affairs.[1]

Although the precise role that the City's financial crisis played in persuading voters to support Proposition F is unclear, there seems to be little question that it reinforced the Proposition's proponents' arguments for greater accountability and an elected chief executive. While the crisis contributed to the public's willingness to

[1] As one of our reviewer notes, the public's perception of a lack of transparency in City Hall predates the city's financial problems, but those financial problems certainly focused public attention on the problems with City Hall.

consider and vote for a change in government, it would also limit the attention City officials could divert from working to solve the City's problems to attend to transition issues.

Concerned about the progress of the transition, the Better Government Association of San Diego, a supporter of Proposition F, contracted with RAND to conduct a study designed to help San Diego implement the Mayor-Council form of government. The study's goals were to recommend organizational and procedural options that the City might consider for its new governmental form and to recommend actions that might be taken to facilitate the transition in San Diego.

Research Approach

We conducted our research in two stages. In the first stage, we reviewed the experience of other cities that have undergone a similar shift from a Council-Manager to a Mayor-Council system (or that are recognized as having a strong-Mayor system) to identify lessons that might be applied to San Diego. In the second stage, we applied those lessons to San Diego in light of its unique features, its current situation, and its political culture. In drawing potential lessons for San Diego from the experience of other cities, we examined formal powers and organizational structures as well as the informal procedures and characteristics of leaders that were associated with an effective governance system.

Our review of other cities' experiences relied on three sources of information: a selective review of the municipal governance literature; newspaper articles and other studies of the cities we examined; and a series of interviews with knowledgeable respondents both in the comparison cities and elsewhere.

Of the twelve cities chosen for the analysis, seven had recently shifted from a Council-Manager to a Council-Mayor system (Fresno, Calif.; Oakland, Calif.; Cincinnati, Ohio; Hartford, Conn., St. Petersburg, Fla.; Spokane, Wash.; and Toledo, Ohio), two had recently enacted major charter reforms that strengthened the powers of the Mayor (Los Angeles and San Francisco, Calif.) and three were selected as examples of cities with particularly strong mayoral powers (Detroit, Mich.; Philadelphia, Pa.; and Seattle, Wash.).

A diverse array of individuals were interviewed in these cities, including current and former Mayors, current and former Council members, City Attorneys, members of the Mayor's and Council's staffs, individuals who were directly involved in drafting the charter changes, reporters, and academics who have studied these cities. We interviewed an average of three respondents per city and conducted approximately 40 interviews. The interviews covered a variety of topics, including the following:

- The nature of the changes made to each city's governmental structure
- Why and when they were made
- The effects of those changes on such factors as governmental operations and the delivery of city services
- The relationship between Mayor and Council
- The types of individuals who ran and were elected
- The steps that were taken by the city to implement the changes prior to their becoming effective, including what was done, by whom, and with what effect.

In addition, respondents were asked for any suggestions that they might have for San Diego.

To apply the lessons from other cities to San Diego, we relied on several sources, including news reports, a review of relevant City documents (including the City's Charter and Municipal Code), and other material produced by the City on the transition. In addition, we conducted a series of interviews with current and former officials, individuals who were knowledgeable about San Diego and its government, and representatives of San Diego's local neighborhood associations. These sources were consulted to identify the current issues facing the City as well as the City's political situation.

The Municipal Government Debate

San Diego's shift from a Council-Manager to a Mayor-Council form of government is occurring in the context of a long-standing national debate about the appropriate structure of municipal government. At one pole, and initially the dominant mode of municipal government, is the Mayor-Council form, characterized by an elected executive and a division of power between a strong executive and a legislative branch of government. This model follows the structure of the federal and state governments. At the other pole is the Council-Manager form characterized by a professionally trained chief executive with an emphasis on technical managerial experience and expertise. The Council-Manager form originated in the governmental reform movement of the 1900s and has been the dominant structural form used by smaller cities. More recently, there has been a move toward more "blended" structural forms that combine elements of both models in what Fredrickson et al. (2004) refer to as the "adapted city."

The central distinction between the two dominant forms is the status of the City's chief executive. In Council-Manager cities, the Council sets city policies that are then carried out by an appointed City Manager, who serves as the city's chief executive officer. In such cities the Mayor is a member of and often elected by the

Council.[2] As the city's CEO, the City Manager is responsible for executing the Council's policies and managing the city and the city's staff. In Mayor-Council cities, the Council also has the principal authority for setting policy, but the policies are executed by the elected Mayor as chief executive and implemented by the city staff, who are managed by the Mayor.

The vesting of executive power in the Mayor sometimes leads advocates of the Mayor-Council system to refer to it as a "strong-Mayor" system.[3] However, this title is somewhat misleading because the Mayor-Council form of government is predicated on each of the three components of city government (the Mayor, the Council, and city staff) playing a distinctive role. The Mayor, as the public leader of the city, has the principal executive authority, and is the person responsible to the public for the city's operation and for setting the overall policy direction of the city. The City Council, as the legislative body, has the principal authority for making city policy as well as typically having oversight authority for the city's operation as a check on the power of the Mayor. The city staff, under the Mayor's overall direction, handles the day-to-day business of the city, provides technical detail and expertise on city operations, and implements city policies. Thus, a more appropriate description of this system is one in which there is a division of functions and responsibility for city governance, not necessarily one in which one segment of government is weaker or stronger.

Indeed, our comparison of cities suggests that the powers of San Diego's Mayor under the Mayor-Council system will lie about midway along the continuum of mayoral power. Among the most important differences across cities is the degree of unfettered appointment and removal power held by the Mayor. All "strong" Mayors have powers of appointment, but there is a continuum of the type and number of appointments that must be confirmed by the City Council. At one end of the continuum are those cities where the Mayor has virtually complete freedom to organize his or her staff, as well as to appoint department heads. Such cities, for example Detroit and Toledo, often do not specify a separate Chief Administrative Officer[4] (CAO) in their charters, and the Mayor has the freedom to choose one or a series of deputy mayors. In other cities, such as St. Petersburg, the charter requires Council confirmation of the CAO and the City Attorney, but all other appointments by the Mayor require no confirmation. At the other end are cities where the Mayor needs

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[2] In San Diego, the Mayor is elected by the public in an at-large election; Council members are elected by district.

[3] Proposition F, for example, was referred to as the "strong Mayor" amendment in the ballot statement.

[4] In many cities, the Mayor's chief professional assistant is referred to as the Chief Administrative Officer or Deputy Mayor. In San Diego, the charter continues to refer to this individual as the City Manager.

Council approval before appointing the Chief Administrative Officer and department heads. Several cities require confirmation for one or two department heads, but many cities have a mixed array of boards and commissions that control some appointments, as well as appointments that require approval of the Council. With respect to boards and commissions, the norm is that the Mayor can appoint and remove most members. The most frequent exception is a civil service or personnel commission or the auditor or equivalent finance position.

In San Diego, the Mayor needs Council approval before appointing the City Manager, the City Auditor and Comptroller, the police and fire chiefs, and members of City boards and commissions. On the other hand, the City Manager and department heads serve at the pleasure of the Mayor, who can dismiss them at his/her discretion.[5]

Proposition F thus moves mayoral appointment and removal powers along the continuum toward the strong-Mayor appellation, but not all the way to the "strong" end. In addition, the ability to appoint the City's legal advisor is one measure of the strength of different Mayor-Council government structures. In the vast majority of the cities we examined, the City Attorney is appointed by the Mayor rather than elected by the voters, as is the case in San Diego.

Several cities provide the Mayor with veto power and line-item veto power over the budget and typically require a two-thirds vote of the Council to override the Mayor's veto. San Diego, however, will be unique in having a Council with an even number of members. The same number of votes will be required to pass a measure as required to override a veto—the eight-member Council will require five votes to pass a measure and five votes to overturn the Mayor's veto.

In most Mayor-Council cities, the Mayor is responsible for developing annual revenue estimates and proposing annual expenditures, which must subsequently be approved by the City Council. In some Mayor-Council cities, e.g., Oakland, budgeting responsibility remains with the City Manager; in others, e.g., Philadelphia, the Council's ability to modify the Mayor's budget is relatively constrained. The strongest budget power we examined was in St. Petersburg, where the Mayor has received a legal opinion that he does not need to spend money appropriated by the Council. This creates a different, powerful dynamic since the Mayor does not need to exercise a veto to achieve his goals. In San Diego the Mayor proposes the budget but before that budget is enacted the Council must approve it. These examples lead us to conclude that the San Diego approach is not at the strongest end of the continuum of Mayor-Council forms of government.

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[5] The City Auditor and Comptroller and the police and fire chiefs can appeal their dismissals to the City Council.

The Challenge

The transition from the Council-Manager to the Mayor-Council form of government presents a major challenge for cities. There are two principal reasons for this. First, the transfer of functional responsibilities among the Mayor, Council, and City staff requires more than simply a reassignment of formal powers among units of local government—e.g., over hiring and firing, the budget, and management of City staff. It also involves providing the assets and resources for each of these units to perform its realigned functions effectively, as well as developing new working relationships among these units.

The Mayor's ability to perform effectively in the chief executive's role, for example, requires not just the exercise of such formal powers as making appointments and proposing the budget, but also such "soft" powers as leadership, the ability to convey a vision for the City, and political savvy. Indeed, the experience of the other cities we examined suggests that the most effective Mayors are those who are perceived as having effective leadership skills. That is, they are perceived as being both visible and accessible to the public; they are able to set a clear vision and direction for the City and its staff; and they can work effectively with the Council to secure a working majority for their policies.

The Council's ability to perform its policymaking and oversight functions also depends not only on its formal legislative powers but also on its having access to the information and expertise needed to perform those functions and its recognition of its changed role. The respondents we spoke with in other cities, for example, emphasized repeatedly that the City Council's ability to perform its policymaking functions hinges on the impartiality and adequacy of the information it receive, the expertise at its disposal, and its recognition of its new roles and functions. If the Mayor, staff, or City Attorney limits the Council's access to budgetary, operational, and legal information, the Council's ability to perform its policymaking and oversight roles will be impaired. Our respondents in other cities also noted that it is not uncommon for City Councils to have difficulty adjusting to the fact that they must now share the policymaking function with the Mayor and no longer have management authority over the City Manager and through the City Manager over the staff. Instead, Councils would prefer to operate as they had previously.

Regardless of the extent of the Mayor's executive powers, the detailed work of running the City will be in the hands of the City staff—principally the Chief Administrative Officer, the department heads, and the senior professional staff, most of whom will have been appointed by prior City Managers under the Council-Manager system. Several factors must be present for the professional staff to perform their functions effectively. These include the necessary expertise, positive morale, an effective organizational structure, recognition of the Mayor's role as CEO, and, perhaps

most importantly, clear guidance from the Mayor and Chief Administrative Officer as to what is expected from them.

The working relationships among the Council, Mayor, and City staff are also likely to change. The Mayor's relationship with the Council, for example, could become more competitive because the Mayor and Council may well be viewed as separate and competing sources of policy initiatives. Yet if the Mayor is to play an effective policy role, he or she will need a working majority on the Council to get his/her initiatives enacted.

The Mayor will also need to develop a new working relationship with City staff. In San Diego's system, the Mayor, with the exceptions noted above, has hiring and firing authority over the City Manager and department heads. While this authority may prevent these officials from acting in opposition to the Mayor, it does not guarantee (we were told by respondents in other cities) that they will actively work to promote the Mayor's policies. Instead, the Mayor needs to organize the staff to function effectively and must provide clear guidance as to their roles and responsibilities in the new organization.

Similarly, the Council's relationship with City staff will change because the City's Chief Administrative Officer no longer reports directly to the Council. Indeed, San Diego, like many other cities, has a noninterference clause that limits the nature of the Council's interaction with City staff. Council members' relations with their own staff may also change somewhat to the extent that an increasing fraction of the staff will work for the Council as a whole rather than for individual members.

Respondents in other cities that had undergone similar changes in governmental structure repeatedly noted that the new system must be tailored to deal with the local government context. This includes the nature of the problems a city faces and the city's specific political culture. In sum, effective operation of the new Mayor-Council system involves more than simply substituting "Mayor" for "City Manager" in the City Charter.

The second reason for the challenge in transitioning between governmental forms is that the nature of the transition process itself can often be complicated both by City officials' need to deal with the current issues confronting the City and by the fact that many transition issues will not be fully apparent until after the new system has begun operating.[6] One reason for this is the very different philosophies toward reform among the individuals who draft the reforms and local officials, who must implement them. Several individuals involved in drafting charter reforms in other cities, for example, noted that they purposely used very general enabling language

[6] We were told that there will inevitably be a variety of unresolved issues to be addressed—e.g., who is responsible for dealing with constituent complaints and inquiries—and that some of these issues will likely remain unresolved after the change in governmental structure is implemented.

designed to provide flexibility in implementing the reform.[7] In contrast, local officials preferred very precise language that spells out in considerable detail what should be done and by whom. As a result, the transition often tends to be an ongoing process rather than an event that ends when the change is officially implemented.

Organization of the Report

In Chapter Two, we describe the current context of San Diego's political environment, including the issues facing the City and San Diego's special political culture. Chapter Three describes the key substantive and organizational issues facing the City as a result of Proposition F, some of the options available for dealing with these issues, and our recommendations. The last chapter discusses our recommendations for actions the City might take during the transition period.

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[7] Indeed, at least two individuals who drafted the charter reforms in other cities told us they assumed that the new City Councils in their cities would take advantage of such enabling language by enacting ordinances to change earlier procedures for purchasing and civil service, but in neither case had the Councils done so.

CHAPTER TWO

San Diego: The Current Context

As noted above, substantial charter reform often occurs only when cities face major crises. San Diego's experience appears to follow this pattern. As one City Council member put it to us, the City now faces the most serious crisis in its history. This situation not only compounds the problems of transitioning to the new Mayor-Council form of governance, it may also color the public's reaction to the new governance system.

Current Crisis

Several facets of the current crisis in San Diego predate the passage of Proposition F. Some occurred after its passage—although many of these subsequent developments have their roots in the earlier problem. The single most vexing issue is an unfunded liability in the City's pension system of at least $1.4 billion.[1] This problem had its roots in the City's decision during the 1980s to treat annual returns from the pension's systems investments that exceeded projected annual investment returns as surplus earnings that could be diverted from the pension fund and used for other City purposes. But the main sources of the pension system's unfunded liability were decisions by subsequent City Managers, City Councils, and pension fund trustees to increase pension benefits at the same time as they deferred funding of those benefits. The first of these decisions, referred to as Manager Proposal 1 (MP1) was made in 1996, and the second, referred to as Manager Proposal 2 (MP2), was made in 2002.

When the extent of this liability became apparent in 2003, several other problems ensued. First, the City's failure to disclose the extent of its unfunded liability for a planned bond issue led to an ongoing investigation by the Securities and Exchange Commission and subsequent investigations by the U.S. Attorney for Southern Cali-

[1] Estimates of the unfunded liability of the City's pension system range from $1.37 to $2 billion. By contrast, the City's 2002 General Fund budget when the pension shortfall was initially disclosed was $727 million; its combined budget, including both the General Fund budget and the various enterprise, capital improvement, special revenue, and debt service budgets, was $2.4 billion.

fornia and the District Attorney in San Diego County into the actions that led to the problem.[2] Second, the finalization of the audits of the City's 2003 and 2004 accounts was delayed pending release of additional financial information, the City's credit status was severely downgraded, and the City's access to the credit markets was suspended pending the finalization of the audits. Third, lacking access to credit markets, the City was unable to secure funding for planned capital improvement projects. Fourth, the need to increase the City's contributions to its pension system compounded its financial problems as revenues failed to keep pace with expenses, causing the City to institute service cutbacks and to defer expenditures. Finally, three City Council members—including the deputy Mayor, who is in line to serve as acting Mayor prior to the election of a new Mayor—were indicted for accepting illegal campaign contributions and are now standing trial on those charges.[3]

These events served as a backdrop to the November 2004 election in which the voters not only passed Proposition F but also restructured the composition of the pension board (Proposition H), passed the Access to Government Information Act (Proposition D), and denied an increase in the Transit Occupancy Tax (Proposition J).[4] The citizens also elected a new City Attorney and returned the Mayor to office in a very close vote that was not certified until enough contested ballots to change the vote's outcome were declared invalid by the court. Even so, the Mayor won reelection with less than 35 percent of the vote.

In addition to the contested mayoral election, which raised questions about the legitimacy of the Mayor's reelection, the election triggered a series of subsequent developments that set off an ongoing turmoil in City Hall. First, in response to the passage of Proposition F, the recently appointed City Manager announced his resignation effective July 1.[5] Second, the newly elected City Attorney initiated his own investigations of the pension system's problems and the role that actions by the Council, the Mayor, and the pension board may have played in contributing to those problems. Third, a new pension board was appointed—three of whose members have subsequently resigned. Fourth, despite pleas by the Council, the City Attorney, and the U.S. Attorney's office, the pension board has refused to waive its attorney-client privilege—an action that has contributed to the delay in completing the outstanding audits and thus has continued to restrict the City's access to credit. Fifth, the newly elected City Attorney's criticism of the Mayor, the Council, and the pension board set off increasing conflict between the City Attorney and the Council and the Mayor.

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[2] On May 17, the San Diego District Attorney charged six former members of the City's pension board with felony conflict of interest. On June 10, 2005, the U.S. Attorney subpoenaed payroll and pension benefit data for seven current and former City officials and their spouses.

[3] One of the three indicted Council members died prior to the onset of the current trial.

[4] Proposition F passed with 52 percent of the vote.

[5] The City Manager subsequently agreed to remain in office until January 1.

Sixth, the Mayor resigned his office effective July 15 and the City Council set July 26 as the date for the City to elect a new Mayor.[6] In response to these developments, we have been told that the morale of the City staff has declined significantly and public suspicion of City Hall has risen dramatically.

In combination, these developments have triggered a collapse in public confidence in City Hall and its ability to manage the City's affairs, as well as in the public's trust in their City's elected officials. The net result, as previously noted, is that San Diego finds itself in "the most serious crisis in its history."

The City's financial difficulties have been compounded by the series of statewide voter-passed initiatives that have progressively constrained finances in all California cities. These measures include Proposition 13, which capped property taxes statewide at 1 percent of assessed value and rolled back property values for tax purposes to 1975–1976 values (passed in 1978); Proposition 62, which required majority voter approval for general tax increases (passed in 1986); and Proposition 218, which ensured that all taxes and many fees and charges would be subject to voter approval and set two different levels for such taxes—general taxes to be used for any governmental purpose require a majority vote; special taxes used for specific purposes require a two-thirds approval (passed in 1996). In addition, the state, facing its own fiscal problems, has transferred various sources of tax revenue that had previously been primarily for local use into its own coffers. The net effect of these various measures was to make it more difficult for local governments to increase their revenues through taxes and to force them to obtain specific voter approval when they did attempt to do so.

San Diego's Political Culture

These statewide measures have had a particularly marked effect on San Diego because an aversion to increasing taxes appears to be one aspect of the City's political culture. This point, which was suggested by a recent report comparing the per capita revenues of California's ten largest cities,[7] was made by several of the San Diego respondents with whom we spoke. This predisposition to avoid increasing taxes appears to be behind the proposals of successive City Managers to defer funding for the increased benefits provided to City employees in MP1 and MP2.

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[6] The July 26 election may require a subsequent runoff election if no candidate can secure a majority of the votes cast. No date has yet been specified for the runoff election, but it appears likely to be November, when a statewide election will be held. The acting deputy Mayor, who would act serve as acting Mayor in the interim, is one of the two Council members currently on trial for accepting illegal campaign contributions.

[7] See Murtaza Baxamusa, *The Bottom Line: A Comparative Analysis of California's Largest Cities*, San Diego: Center for Policy Initiatives, 2005.

An aversion to high taxes is not the only characteristic of San Diego's political culture. At least in recent years, the City's elected officials have relied heavily on the appointed City Manager not only to administer the City staff, implement City policy, and propose the annual budget but also to take a leadership role in recommending and implementing policies for the City as a whole.[8] Several respondents, for example, made reference to the City Manager's ability "to run the City" as long Council members were provided with benefits for their districts.[9] This phenomenon appears to have become more pronounced since 1988, when the City switched from electing Council members at large to electing them by district.

We have also been told repeatedly that San Diegans have a small-town image of their city, or as some respondents expressed it, "we see ourselves as a city of villages." This aspect of the City's self-image is manifest in the Council members' Web pages—all of which give central prominence to the various neighborhoods that make up their Council districts as well as to the role that local neighborhood associations (called community planning groups) play in local planning and zoning decisions.

The tendency to focus on local neighborhood rather than City-wide issues also appears to be reflected, we were told, in the behavior of some of the City's largest employers and institutions, such as the U.S. Navy and the City's two large public universities, which tend to concentrate their political efforts not on citywide issues but rather on issues that relate to their own more-specific parochial interests. Indeed, although there are a variety of citywide organizations that focus on specific issues, e.g., the environment, we understand that there are very few civic associations that focus on a range of citywide "good government" issues and the state of the City overall.

Finally, several respondents also noted a tendency of elected officials to operate on a consensus basis—a phenomenon that was described as a preference for "going along to get along." This style reflects a "first take care of my district" attitude: The quiet trading of political favors—perhaps without sufficient scrutiny to understand fully the implications of what is traded away—is done for the sake of joining the "consensus" and preserving outcomes for a particular constituency.

However, this style of governance has also produced some adverse by-products. The first is a public perception that City Hall's decisions lack transparency. The second is a sense, at least among some San Diegans, that City Hall's decisions often reflect the interests of property developers or "business interests."

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[8] Several respondents have remarked on how this practice differs from that of earlier periods when, for example, then-Mayor Pete Wilson took a much more active role in setting City policy. Although not all respondents viewed Mayor Wilson's tenure as positive, all agreed that he took a much more forceful role in directing the City.

[9] Support for term limits, although certainly not unique to San Diego, may also contribute to a tendency for local officials to focus on short-term district considerations during their terms in office.

Although San Diego's reliance on consensus and professional management may have worked well in the past—indeed, the City was long regarded as one of the best-run cities in the country—times appear to have changed. The City's political demography, for example, seems to have shifted from Republicans to Democrats, who have had a majority of the Council seats since 2000. Unions also appear to have become much more prominent in the City's affairs and its politics. Finally, the City's current financial and political problems have produced a sense of crisis and an overwhelming mood that things need to change.

Against this backdrop, the introduction of the Mayor-Council form of government raises important questions about the public's expectations as to how Proposition F will affect the City's ability to solve its problems, as well as the ability of City officials to prepare for its implementation. On the one hand, the problems the City faces and the public's unhappiness with the circumstances that produced the current crisis are likely to have raised public expectations about the potential benefits that the shift to a stronger Mayor system will produce. On the other hand, the current turmoil in City Hall and the Council's preoccupation with the City's current problems and the special mayoral election are likely to divert the attention that the current Mayor and the Council can devote to preparing for the transition to the new system.

Moreover, our discussions with respondents in San Diego, both supporters and opponents of Proposition F, suggest that the arguments made for and against the ballot measure were sometimes based as much on perceptions of what was wrong with the current system (the proponents) or on procedural issues (the opponents) as they were on the likely effects of the measure itself. The proponents, for example, tended to focus on the power of the appointed City Manager and the need for an elected chief executive (the Mayor) who would be accountable to voters.

The opponents of Proposition F appear to have based their argument on what they viewed as the closed process by which the measure was drafted rather than on their opposition to a stronger Mayor per se. Most of the opponents we talked to agreed with the principle of a stronger and more accountable Mayor but voted against Proposition F either because they believed there was inadequate public input into the drafting process (including a failure to hold adequate public hearings to explore the potential problems with the measure) or because they feared that a stronger Mayor could use these powers to punish political opponents on the Council (as well as their districts). Regardless of their initial opposition, however, the opponents we spoke with were committed to working to make the new system successful.

As this discussion suggests, the majority of the public really does not know what to expect from Proposition F. It is also likely that most are not particularly interested in the details of the reform or the issues that will be dealt with in the transition

process. Nonetheless, given the current climate in San Diego and the concern about the lack of transparency in City Hall, the transition process should be as open and inclusive as possible.

CHAPTER THREE

Substantive Implementation Issues

The challenge of moving from a Council-Manager to a Mayor-Council system of government arises because the realignment of functional responsibilities required by the Mayor-Council structure involves not simply a transfer of formal powers. It also requires providing the resources needed to perform these functions, as well as the development of new working relationships among the Mayor, the Council, and City staff. This chapter discusses the key issues that must be addressed to meet these challenges, some of the options that might be considered, and makes recommendations as to how San Diego might proceed.

The Mayor's Role Under Proposition F

Under the current system, the Mayor is a member of the Council and, as such, shares policymaking authority with the other Council members. In addition, as the presiding officer of the City Council, the Mayor has limited executive powers, such as serving as the official head of the City for ceremonial and legal purposes as well as certain law enforcement powers during periods of emergency (with the consent of the Council). In addition, the Mayor has authority to nominate (again with the consent of the Council) members of certain boards and commissions in the City.[1]

Under the new Mayor-Council system, the Mayor will serve two principal roles: First, as the City's chief executive, the Mayor will have direct management responsibility for the City's affairs. Second, as the most visible elected official, the Mayor will have a political leadership role in proposing policy for the City and setting the pace and flow of issue development. Much of the detail in Proposition F deals with the Mayor's management role and provides the Mayor with more extensive executive powers, including direct authority for managing the City's affairs, enhanced authority for appointing and firing City officials (who will now report directly to the Mayor or his or her designees), direct responsibility for the City's proposed budget (which

[1] As one reviewer noted, the Mayor also has significant staff and office space and, at least since Mayor Wilson, is perceived to have more power than the Mayor actually has.

will now be known as the Mayor's rather than the Manager's budget) and veto power over the Council's actions—including a line-item veto over budgetary action taken by the Council. These enhanced mayoral powers are designed to increase the leadership and accountability of the Mayor as the City's chief executive.

The Mayor's leadership role in formulating City policies and setting the overall policy direction for the City is as much a political as a management role because it depends not just on how the Mayor exercises the formal powers of the position but, perhaps even more importantly, on how the Mayor uses the informal political powers that come with the position as the most visible elected position in the City. There are several dimensions to this political power. First, the incumbent Mayor can use the Mayor's leadership position to set the overall policy direction for the City's affairs. Indeed, the Mayor is uniquely well positioned to perform this role since, unlike the Council members, the Mayor is the only elected policymaking official who represents the City as a whole.[2] Second, the Mayor needs to use "the soft powers" of the Mayor's office to form coalitions among various interests and to build an effective majority on the Council. Third, the Mayor needs to use the public visibility that comes with the position to build public support in order to gain legitimacy for his or her leadership and policy initiatives.

Key Organizational Issues for the Mayor

Several key decisions will need to be made in determining how the Mayor will perform these management and leadership roles.

Organization of the Mayor's Office. The first issue here is the organization of responsibility for the Mayor's management and political roles and whether the staff the Mayor uses to support these different roles should be separated or combined. One option, for example, is for the Mayor to create a small policy staff to focus on policy issues and a separate staff to handle the Mayor's management duties. An alternative is to organize the staff along functional (department) lines much as the current City Manager's office is organized, with the key deputies or department heads sharing both management and policy responsibility.

In some of the cities we examined, the Mayor's office was organized into two parts—with a small policy staff that worked with the Mayor to develop policy initiatives and a larger functional staff under a managing director responsible for the city's general operations. In other cities, the Mayor's staff was organized along functional lines—with deputies assigned both policy and management responsibilities for different functional areas, e.g., police, fire, and such general services as water and wastewater treatment, finance, general city operations, and economic development.

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[2] The City Attorney is also elected citywide but the City Attorney's functions are more regulatory than policymaking. Although the City Attorney is making policy when interpreting the charter, this is a different type of policy decision.

Given the importance of mayoral leadership to effective municipal government (a theme that was emphasized repeatedly in our discussions with other cities), a separate policy staff could be an effective way for the new Mayor to demonstrate his or her political leadership. However, this type of organization would represent a substantial departure from the City's current organization and would thus involve adjustments by City staff, the Council, and the public to a new management approach. A key issue here may well be the effects of such a reorganization on the City staff's morale. As we noted above (and discuss in more detail below), City staff are accustomed to operating under the direction of the City Manager, whose role is more administrative than political. Whether they would feel comfortable (and thus support the Mayor's initiatives) under an organizational system that combines the political and management functions is unclear. Ultimately, the choice between these two organizational forms will depend upon the new Mayor's leadership style and the skills of the Mayor's staff.

The City's Chief Administrative Officer. In all likelihood, this is the most important person the new Mayor will hire. What skills the Mayor is looking for in the CAO will depend, of course, on the role the CAO will play in the Mayor's administration, which in turn will depend upon the organization of the Mayor's office. For example, if the Mayor decides to split the organizational responsibility for management and policy, the CAO could well be tasked with the role of managing the City's operation along the lines of a managing director. This would be akin to the role of the current City Manager. If, on the other hand, the Mayor's staff is organized along functional lines, the CAO could well serve as the Mayor's chief of staff with responsibility for both management and policy. Both of these models have been used in other cities. The choice depends upon the Mayor's style and preferences.

Functional Organization of the City's Departments. Currently, the City is organized into seven major divisions. In the first two, the police and fire departments, the chiefs report directly to the City Manager. The five remaining divisions combine a range of different departments, whose heads report to different deputy City Managers, who in turn report to the City Manager.[3] In addition to the departments subsumed under these functional divisions, there are a number of free-standing departments, including human resources and risk management, which report directly to the city manager, and two independent departments (the City Clerk and the Audi-

[3] The first of these five divisions, which might be termed General Services, includes engineering and capital projects, environmental services, general services, metropolitan wastewater, and water. The second includes financial management, the City Treasurer, and the City's emergency services program. The third includes information technology and the homeland security office. The fourth includes a wide range of departments, some related to the City's real estate assets (e.g., the QUALCOM stadium), and such diverse departments as the library, the commission for arts and culture, and parks and recreation. The final grouping includes economic development and land-use functions, such as community and economic development, planning, neighborhood-code compliance, development services, and the community service centers.

tor/Controller) that report directly to the Mayor and Council. Finally, there are a variety of boards and commissions as well as special functional units such as Council liaison, personnel, and public affairs (see Figure 3.1).[4]

Cities use a variety of ways to group these various functions, but virtually all employ some kind of functional grouping of different departments for several reasons: first, to provide coherence to city management through clear lines of reporting; second, to enable the Mayor to focus on major issues rather than day-to-day details; and finally, to provide guidance to department heads and their senior staff. There is probably no single best practice for organizing these functions; rather, the appropriate grouping will depend upon the circumstances in individual cities, e.g., whether a city's population and economy are growing or stable, the most important problems the city faces, and the skills of the city's staff. Virtually all the cities we examined treat the police and fire departments either as separate functional groups or as a combined protective services group. Other potential functional groups might include general services (with departments similar to the City's current organization), economic development, general City operations, and finances. Indeed, finances should be given special attention in the organization of the City's departments—an issue to which we return below.

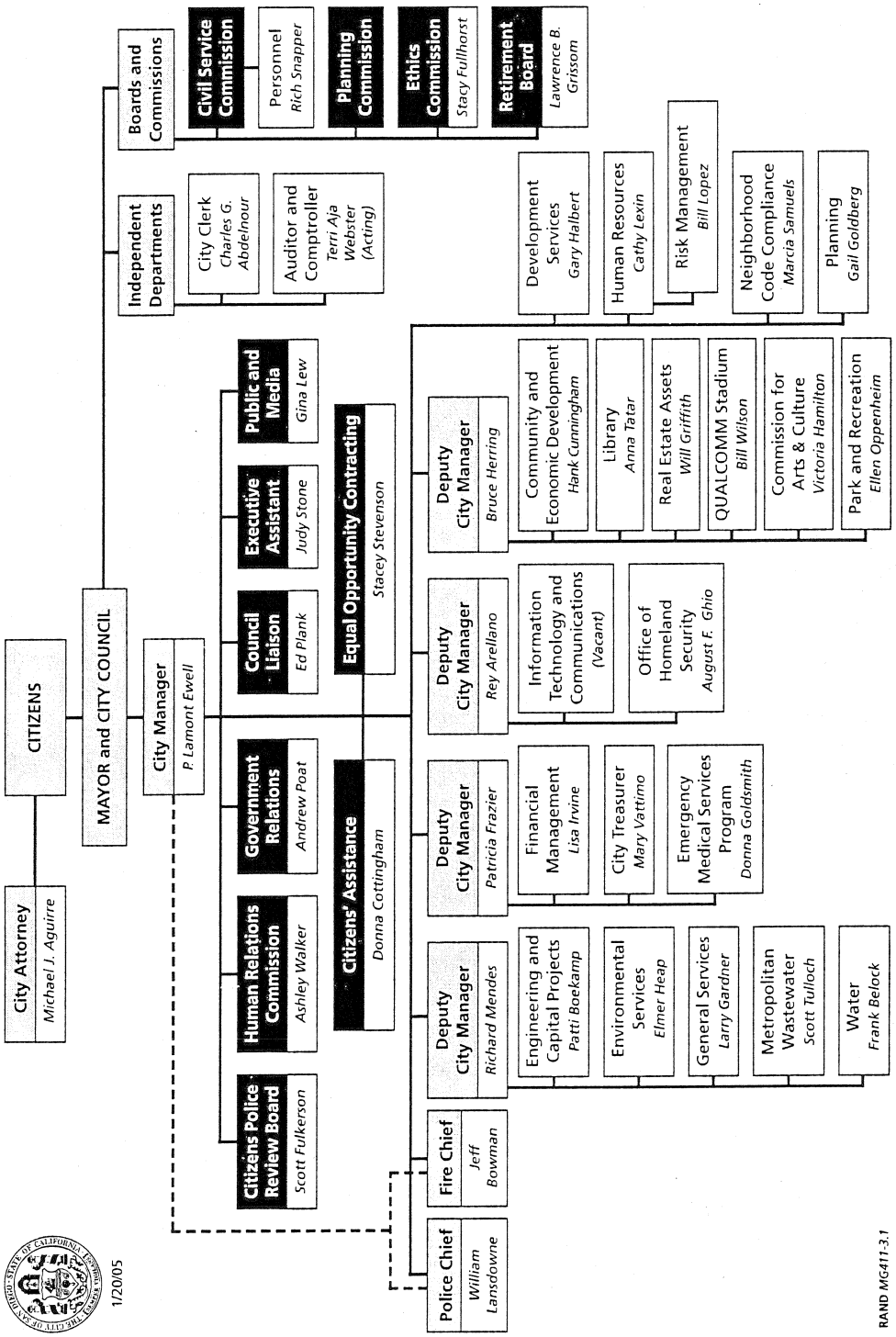
Lines of Reporting for Department Heads. There are several options for setting up reporting lines between the various department heads (whatever functional groupings are used) and the Mayor. One is to have them report to the Mayor directly. This is clearly the least efficient because it would involve the Mayor in a level of detail that would distract him or her from more important policy and management tasks. A second is to have the department heads report to the Mayor through the Mayor's chief of staff or managing director. A final option is to have the department heads report through the various deputies who run individual functional areas. What seems to be of critical importance, judging by the experience of other cities, is that some buffer remain between the Mayor and the various heads of the functional departments. The Mayor will still need to provide overall guidance to department heads but should not be involved in the day-to-day decisions of City staff.

Other Issues for the Mayor's Office

The City's Finance Function. In light of the financial problems facing the City, this area merits special attention. This is not the place to rehash the fiscal crises that

[4] There are two different organizational charts on the City's Web site. The organizational chart in Figure 3.1 appears to be the most up-to-date. However, it does not reflect staffing assignments reported in the description of the responsibilities of the City Manager's key deputies, upon which the description in the text is based.

Figure 3.1
City Organizational Structure



San Diego is facing, but it is necessary to point out that the creation of an effective separate budgetary and legislative office to support the Council will be successful only to the extent that valid, verifiable information is available to it. That will require an effective, professional, and collegial operating relationship among the Mayor's staff, the City's Chief Administrative Officer, and the Council's financial staff.

The burden will fall especially heavily on the Mayor's office. The departure of some staff, the impending departure of the City Manager, the uncertainties facing the mayoral staff for several months, and the investigative clouds still in the sky all signal a difficult working environment. Staff with understandably low morale will have to step up to provide the needed information and forge new relationships in an uncertain time. In that regard, despite leadership departures and the difficulty they entail, the City would do well to consider early moves to bring in some new financial talent to the Mayor's office. Outside observers will be calling for changes in the financial staff, and some further changes may be dictated by recent events. In sum, the new Mayor should consider devoting special attention to the City's financial operations.

In addition to staffing issues, the new Mayor will also need to address three central issues in the new City budget—the most important policy document in each fiscal year. First, the Mayor's budget office will need accurate estimates of the City's revenues.[5] Second, the Mayor will need to identify how his/her key policy initiatives are reflected in the proposed budget. Third, the Mayor will need to identify how the proposed budget will begin to repay the City's outstanding obligation to the City's pension funds. Unfortunately, given the pending vacancy in the Mayor's office and the possibility that a new Mayor may not be elected until November, it seems almost certain that when the new Mayor takes office, he or she will have to assign very high priority to these budget issues in order to submit the following year's budget to the Council by the April 15 deadline set by the City Charter.

The Relationship Between the Mayor and Council. As we noted above, the Mayor and Council will need to develop a new working relationship under the Mayor-Council system. This will require adjustment on the part of both the Mayor and the Council and raises the issue of how this relationship might be organized. Under the current system, the City Manager has a special office for Council liaison. Although exchanges of routine information and other matters between the Mayor and the Council might no doubt be handled through such an office, maintaining good relations between the Mayor and Council is too important to be left to a liaison office. Indeed, although the Mayor's ability to propose specific policies for the City is

[5] One of the respondents with whom we spoke with said that accurately estimating the City's revenues for the next fiscal year was the single most important budgetary task because this estimate drives the City's operating budget. This will be less true in San Diego where the City's operating budget (minus certain categories of expenditures such as capital improvements, bond interest and redemption, and retirement system contributions) cannot exceed the prior year's expenditures adjusted for increases in the price index and population growth.

explicitly recognized in Proposition F (see San Diego City Charter, Article XV, section 265 (b)(3)), there is no explicit mechanism in the charter for doing so. Since this ability is central to the Mayor's policymaking function, developing a procedure for this will clearly require direct interaction between the Mayor and the Council. We expect that the Mayor will also need to assign high priority to managing relations with the Council—particularly at the policy level. As we discuss below, the Mayor's relationship with the Council's presiding officer can play a critical role in this relationship.

Constituent Relations. This is a likely source of conflict between the Mayor and the Council. Both the existing and the new City Charter as revised by Proposition F contain a noninterference clause that explicitly limits the Council's ability to interact with City staff about administrative matters for which the Mayor is responsible except through the Mayor or the Mayor's designee (see City Charter, Article XV, section 270 (h)). The net effect of this clause is to make the Mayor's office the direct point of contact for dealing with constituent complaints or requests for City services. Although this provision seem clear on its face, it could severely limit Council members' ability to provide direct services to their constituents. In fact, a substantial portion of each Council member's staff is currently devoted to constituent relations, and there are very strong incentives for Council members to ensure that complaints and inquiries from their districts' constituents are promptly dealt with. Although Proposition F is silent about how such issues will be handled, it seems advisable that an office of constituent services be created. Within that office, an ombudsman would handle constituents' inquiries and complaints and inform both the Mayor's office and the relevant Council members' offices on the existence and disposition of such inquiries. This office could build on the base provided by the current Community Service Centers—but will require some reorganization and reorientation. Without such an arrangement (and perhaps even with it), this issue has the potential to cause conflict between the Mayor and the Council because the Council is unlikely to surrender this function without a fight.

The Mayor's Role in Redevelopment Issues. Under the current Council-Manager system, the Mayor and the City Council serve as the governing board of the City's redevelopment agency. In addition, the City Manager and the City Attorney serve, ex officio, as the redevelopment agency's executive director and general counsel, respectively. After the Mayor-Council system goes into effect and the Mayor is no longer a member of the Council, the new Mayor will presumably no longer be a member of the redevelopment agency. Since a City's redevelopment policies are a central component of its economic and social development strategies, this situation could result in the Mayor's losing direct participation in redevelopment decisions. Similarly, the Mayor's role in land-use planning issues, traditionally in the province of the Council, is unclear under Proposition F. These situations need to be remedied.

One assumption made by some is that the Mayor would replace the City Manager as the executive director of the redevelopment agency, but that decision appears to be within the discretion of the agency itself. Moreover, making the Mayor the agency's executive director does not by itself give the Mayor a vote in redevelopment policy.

Alternatively, the City could establish a new redevelopment board, with both the Mayor and the Council given the power to appoint a set number of positions on the board. This arrangement is used in several cities, typically with the Mayor having the power to appoint a majority of the board's occupants.

The Mayor's Leadership Function

One final issue needs reiteration in this discussion of the Mayor's role in San Diego's new governance system. As the respondents in other cities repeatedly emphasized, change in governmental structure can facilitate effective City government but cannot guarantee it. The critical ingredient for successful City governance is executive leadership. As we discussed above, such leadership depends not just on the Mayor's use of the formal powers of the position but even more importantly on the Mayor's leadership skills and the Mayor's ability to use the "soft powers" of the Mayor's office. Of particular importance is the Mayor's ability to set the overall direction for City policy and to control the pace of issue development.

Providing policy direction for the City as a whole might, in one sense, seem relatively obvious for the Mayor, who is uniquely responsible for managing the affairs of the City as a whole. But it is important to recognize that the City operates at three different geographic scales. Certain City functions, such as the airport, the port, and regional economic development, serve both a citywide and a regional clientele. Other City functions, such as the police and fire departments and such City services as sewers and refuse pick-up, operate at a citywide level. And still other functions, such as planning, building and safety, and street maintenance, have their greatest effect at the neighborhood level.

The Mayor is uniquely well suited to setting the policy direction for the City at each of these levels. For example, although the City's role in regional affairs has received almost no attention in discussions of Proposition F (and is assumed to be the province of regional bodies, such as the San Diego Association of Governments), the City, as the most populous and important municipal unit in the San Diego metropolitan area, should in fact play a central role in influencing regional policy. Indeed, even though the Mayor's direct control over these regional functions is limited, the Mayor should assert the City's interest in regional matters. Moreover, unlike the City Council members whose districts include the airport or the port, the Mayor's perspective on issues relating to these two facilities is more likely to strike a balance between the interests of Council district constituents and those of the residents of the City and, indeed, the region as a whole.

At the other extreme, the Mayor must be mindful of equity considerations in delivering services to local neighborhoods in a way that district Council members are not. This does not necessarily mean a "one size fits all" service-delivery strategy but rather may involve a system that allows different areas to receive an equivalent bundle of services, even if the components of that bundle differ across service areas. This ability may be particularly important for the Mayor because the office of the Mayor, the chief executive, may well become the principal target of constituents' complaints about service delivery.

As we suggested above, a key asset the Mayor possesses for asserting political leadership is the visibility provided by the Mayor's position. Such activities as "State of the City" addresses (as required by the Charter) and budget messages highlight that visibility, but they are only the first steps. Broad outreach to the community, including neighborhood forums, interaction with the media, public meetings, and so forth, is required to ensure visibility. Moreover, the Mayor must make efforts to be accessible to the public and be perceived as open to public suggestions and opinions. Although such steps are important to all mayors, they may be particularly important in San Diego given the problems the City now faces and the importance of getting public involvement and support for whatever policies the City uses to solve its most pressing current problems.

The Council's Role Under Proposition F

Under the current Council-Manager system, the City Council has two main functions: setting City policy and providing direction to the appointed City Manager, who serves as the City's chief executive. Under the Mayor-Council system, the Council retains its policymaking function but no longer provides direction to the City's chief executive, the elected Mayor. Indeed, under the San Diego City Charter, the Council is prohibited from directly involving itself in the City's management. Instead, as the City's legislative body, the Council performs more of an oversight function on City operations. The Council is expressly prohibited from dealing with the administrative service for which the Mayor is responsible except through the City Manager, with the exception of inquiries as part of its oversight function.

Perhaps more important than this change in the Council's role is its changed relationship with the Mayor and the City staff under the new Mayor-Council system. Unlike the situation in which the Mayor was a member of the Council, the Council and the Mayor will serve as alternative sources of policy leadership for the City. Moreover, the Council will now be dependent upon the Mayor and City staff for the information, particularly about the budget, that the Council needs to perform its legislative role. In addition, the Mayor, who previously served ex officio as the presiding officer of the Council, will no longer perform this role. Finally, Proposition F

specifies that the Council will establish an independent budget analyst's office to help it perform this policy oversight. The establishment of the independent budget analyst's office reflects the importance of access to information and expertise in the successful performance of the Council's legislative role—a point that was made repeatedly in our discussion with respondents in other cities.

Key Organizational Issues

As noted above, the changes introduced by Proposition F and the Mayor-Council system will require the Council to develop new working relationships with the Mayor and City staff. Just as important, they will require the Council to make changes in its organization and operating procedures. Three separate aspects of the Council's organization will need to be changed.

Selection and Powers of the New Presiding Officer. As our interviews in other cities made clear, when cities transition from a Council-Manager to a Mayor-Council system, the Council frequently faces difficulties in adjusting to its new role. Strong Council leadership can assist in this transition. The experience of other cities indicates that if the Council fails to empower the new presiding officer adequately, there is likely to be competition among Council members for the leadership role. Finally, we were told that a strong Council president, who works well with the Mayor, can facilitate the establishment of a cooperative relationship between the Council and the Mayor—a key to effective municipal governance.

Procedurally, the strength of the Council president's powers are reflected in the length of the term and the ability to make committee appointments including committee chairs and vice chairs, to enforce Council rules, to refer matters to committee, and to manage the Council agenda and docketing process.

In its report to the Council on this issue, the Dewey Square Group, a consultant to the Council, recommended that the Council vest the Council president with strong powers to produce a more cohesive and effective Council and to "maximize the Council's strength and leverage in relation to the executive." Specifically, it recommended that the Council's presiding officer be elected by a majority vote of the Council (with a two-thirds vote required for removal), serve a two-year term, and have a wide range of powers: presiding over Council meetings, enforcing the rules, appointing members to committees (including chairs, vice-chairs, and committee members), referring matters to committees, managing the Council docketing process, requesting investigation on matters before the Council, calling special Council meetings, compelling attendance of witnesses and production of evidence, and serving as acting Mayor in case of vacancy pending appointment of a successor.

The chair of the Council's transition task force concurred with most of these recommendations with four exceptions. Specifically, he recommended that the Council president serve a one-year term, that removal require only a majority vote of the Council, that the Council president not have the power to compel attendance

and production of evidence, and that the Council president's appointment power be subject to a majority vote of the Council. We disagree with two of these exceptions—the term of office and the removal by a majority vote. The transition chairman's preference for a one-year term and removal by majority vote was based on the belief that the Council's confidence in the presiding officer should be reconfirmed each year, but we suspect that this qualification would weaken the presiding officer's power and make him or her less inclined to provide the stronger Council leadership that the experience of other cities suggests would be beneficial to San Diego.[6]

Structure of the Council's Standing Committees. The key elements of this decision include committee responsibilities, number of committee members, staffing, and referral power. Currently, the Council has five standing committees: Rules, Finance and Intergovernmental Relations; Natural Resources and Culture; Public Safety and Neighborhood Services; Land Use and Housing; and Government Efficiency and Openness.

The Dewey Square Group's report on alternative committee structures recognizes that there are a variety of different options from which the Council might choose in determining the functions of its various standing committees and the number of committees on which Council members sit. It recommends the establishment of five separate standing committees: Rules; Budget and Finance; Land Use and Housing; City Operations and Neighborhood Services; and Natural Resources and Culture. Each of these committees would have three members with the exception of the Budget and Finance committee, which given its importance, would have four. In part, this particular structure was driven by an expressed preference of Council members to serve on no more than two different committees. In addition, the Dewey Square Group recommended that the presiding officer of the Council appoint the committee chairs and the committee members, who would serve for two-year terms; that each committee have two staff members, one each from the budget and policy analyst staffs; and that the Council president refer proposed legislation and other subject matter to the committees.

The chair of the Council's transition committee has recommended four standing committees that correspond more closely to the existing committee structure with the exception that the Rules, Budget and Finance, and Intergovernmental Affairs committee would be merged with the Government Efficiency and Openness committee. He also suggests that each committee consist of five members to prevent as few as two members blocking legislation from being referred to the Council, that the presiding officer's appointments to committees be subject to confirmation by

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[6] We recognize that the composition of the Council will change after the first year under the new system. However, this situation arises because the Mayor-Council system is being introduced in the middle of an election cycle. If the inaugural term of the presiding officer were one year but subsequently expanded to two years, changing when the composition of the Council changed, then the term of the Council president would remain constant for the term of the same Council.

Council, and that the Council as a whole rather than simply the presiding officer refer matters to committee. Both the Council chairman and the consultant agree that staff from the budget and legislative analyst's offices should support the standing committees. We concur with this recommendation.

Although choosing the number and size of committees is obviously a key task of the Council, we believe that the details of the committees' scope are more important than the absolute number of committees. In that regard, combining the finance and rules function (together with governmental affairs) places too much responsibility in that one committee, its chair, and other members because these are the two most powerful Council functions. Instead, we recommend that these two committees be kept separate and that an additional committee, along the lines of the consultant's suggested City Operations and Neighborhood Services committee, be added. We also recommend that this committee be given the mandate to perform an oversight function on the operation of City departments. Including this function within the committee's mandate would provide a useful way for the Council to serve its oversight function on City operations—a function that we believe will assume greater importance over time under the new system.

We agree with the transition chairman's recommendation that committees consist of five members each since that is more likely to prevent only two Council members from blocking referral of proposed legislation to the Council. Once again, however, we believe that the Council's presiding officer, rather than the Council as a whole, should make appointment to committees and that the presiding officer should refer matters to committee. This recommendation is also based on our belief in the importance of a stronger Council president.

We also recommend that the Council continue to use its committee hearings as a vehicle not only for holding hearings on proposed legislation and ordinances but also for obtaining citizen input on such legislation. This recommendation is rooted in the belief that increasing public participation in the City government's actions could help dispel the sense of a lack of transparency and accessibility in government decisionmaking that, as we noted above, appears to be shared by significant segments of the public.

Budget Analyst's Office. Establishment of an independent budget analyst's office for the Council was authorized in Proposition F. The importance of this office was underscored by the experience of other cities, in which we were repeatedly told that the City Council's ability to perform its policymaking and oversight functions hinges on the completeness and impartiality of the information and the expertise provided to it. Setting up the analyst's office entails several separate decisions:

Substantive Scope. Although Proposition F specified only a budget analyst's office, the Council's consultant and its transition task force chairman recommended

that both a budget and legislative analyst's office be established.[7] We generally agree with these recommendations and the proposed scope of these two offices. The budget analyst's office would prepare a detailed analysis of the Mayor's budget as well as an analysis of the fiscal impact of proposed legislation. We disagree, however, with the consultant's recommendation that the Council's budget office prepare estimates of future City revenues. This function requires highly specific expertise and is essential to the Mayor's preparation of the proposed annual budget. Requiring the Council's budget office to have these skills represents an unnecessary duplication of effort with little value added. Moreover, it may well deflect the Council's attention from its more important budget oversight effort. Specifically, the Council's role in reviewing the Mayor's proposed budget should focus on identifying how that budget supports the Mayor's proposed policy priorities and how those priorities compare with those of the Council.

The legislative analyst's office would, when tasked by Council, prepare an analysis of pending legislation as well as conduct research and analysis on special topics. We also suggest that the legislative analyst's office be tasked to assist the Council in its oversight function when appropriate by relating specific legislation to the Council's policy priorities.

Reporting Priority. Both the consultant and the transition chairman agree on the reporting priority for these analyses: first, the Council as a whole; second, the Council's presiding officer; third, the committee chairs; and finally, individual Council members. This appears to be the right set of priorities.

Size and Staffing. The task force chairman has recommended that the Council's budget office be at least half the size of the City Manager's staff that currently performs the annual budgetary function. The consultant's reports on this topic, as well as our own survey of other cities, indicate that there is considerable variability in the size of such offices. Perhaps the most professional model is the legislative analyst's office in Los Angeles, which provides financial, legislative, and subject area expertise to support not just individual Council members but also the various Council standing committees. This office is well respected both by the Council and by the Mayor's and the City's staff.

The former head of Los Angeles's legislative analyst's office suggested to us that the individual who heads this office will need not only to be highly professional and impartial but also to be familiar with the operation of City government and its finances. Moreover, he suggested that rather than try to fully staff this operation in the short term, it might be more practical to select a core staff and add additional staff members and expertise as the need becomes apparent. Such a scaling up over time

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[7] The consultant initially recommended that these two functions be merged into a single office, but a subsequent recommendation by the City Attorney's office has led the task force chairman to propose separate offices for the budget and legislative analysts.

would also be consistent with the added financial pressures that this office would place on an already tight City budget.

However, there is a danger of providing inadequate staff. A former member of the budget analyst's staff in Oakland, for example, told us that the two members of that staff were inadequate for performing a detailed analysis of the City's budget and spent most of their time helping the Council understand what was in the budget rather than analyzing it.

The establishment of the independent budget and legislative analyst's offices raises the issue of the resources that should be devoted to individual Council members' personal staff and those staff who work for the Council as a whole. Currently, each Council member has a staff of seven to nine members, many of them concentrating on constituent relations. This function is likely to decline under the new Mayor-Council system given that the Mayor will have the principal responsibility for administering service delivery to the citizens. Indeed, our recommendation that the Council assume a more active oversight function reflects, in large part, our belief that the Council will be expected to play a more active role in government operations in general compared to its role in constituent relations. Although it is unlikely that Council members will surrender constituent relations to the Mayor completely, especially since they are elected by district rather than at large, the scope of such constituent relationship work should decline significantly. Given the City's current budgetary constraints, we recommend reducing the number of personal staff for each Council member to free up resources for the additional staff that will be required to serve the broader legislative and budgetary functions of the Council as a whole. We recognize, however, that this recommendation could well produce considerable resistance among Council members.

Other Issues for the Council

Another issue that will need to be addressed (although not in the current transition since it will require a change to the Charter) is the Council's size. Under the Council-Manager system, the Council consisted of nine members, including the Mayor. However, with the Mayor's departure from the Council, there are now eight Council members. This even number increases the probability of deadlocks in Council votes and increases the committee burden on Council members. Reducing the number of committees on which Council members serve reduces the time that they spend in committee work but will also limit their ability to develop expertise in specific legislative areas.

The even number of Council members also raises questions as to the strength of the Mayor's veto power since, as one San Diegan expressed to us: "With an eight person Council, the same five votes it takes to pass an ordinance, a budget, or whatever in the first place, are the same five votes that can override the veto of the Mayor." We understand from discussions with a variety of San Diegans that the decision not to

expand the Council was made for pragmatic reasons, in particular the reluctance of incumbent Council members to be redistricted. Clearly, the size of the Council will need to be addressed in a future amendment to the Charter.

In addition to these organizational issues, the Council faces a particularly troublesome issue in terms of its relationship with the City Attorney. Traditionally, City Attorneys play a central advisory role to City Councils both by providing legal advice and by vetting the language of ordinances and regulations. To fulfill this role, the Council must have faith that the City Attorney represents its interests. However, in light of the current City Attorney's apparent belief that he can simultaneously serve as advisor and investigator of the Council, it is difficult to see how the Council can have faith that the City Attorney adequately represents its interests. There appear to be provisions in the Charter for the Council (and other government bodies) to hire separate legal counsel, but that would add costs to the City and may not be routinely feasible. Clearly, the Council (and the Mayor) will need to develop a better working relationship with the City Attorney than now seems to exist.

City Attorneys are typically appointed by the Mayor, often in consultation with the Council. When the City Attorney is elected, as is San Diego, problems can arise. Oakland's City Attorney, for example, is also elected, and this has raised questions as to whose interest he represents. As Oakland's City Attorney made clear in our interview, he does not view himself as the Mayor's or Council's lawyer but rather as the city's lawyer. Although he explicitly recognized that this position can produce tensions within city government and perhaps even issues of conflicts of interest, he believed that the legal canons of ethics limited the likelihood of this occurring. Under the current circumstances in San Diego, where the City Attorney is investigating several elected and appointed officials, this may be more of a problem.

Staff Issues in Implementing Proposition F

As we have mentioned several times, effective municipal government requires each of the three central actors in local government (the Mayor, the Council, and City staff) to perform their separate roles. To this point, we (and the officials in San Diego working on the transition) have focused attention primarily on how Proposition F will affect the Mayor and Council. While this focus may be understandable given the emphasis in Proposition F on the Mayor and Council, it would be a mistake to overlook the role that the City staff will play in determining how well San Diego's new form of government will work.

The staff handle the day-to-day business of the City and likely understand the workings of the City's operations better than the City's elected officials. In addition, given the pending resignation of the current Mayor and the possibility that the new Mayor may not be elected until November (about a month and a half before the new

system begins operation), the staff will likely play a key role in determining how the system operates during its early stages. This will be especially true in the preparation of the Mayor's proposed budget, which must be submitted to the Council by April 15, 2006. Thus, securing the active cooperation and support of staff in implementing and working with the new system will be critical to both the Mayor's and the new system's success.

The importance of the staff's role in carrying out the Mayor's policies is reflected in our discussion of the key organizational issues facing the Mayor, e.g., how the Mayor organizes his or her staff for his management and political roles, the recruitment and duties of the Mayor's Chief Administrative Officer, the functional organization of the City's departments, and the lines of reporting between the Mayor and the department heads. How each of these issues is decided can have a direct effect on how well the Mayor works with the City's senior staff. Indeed, given what we have been told about the low level of staff morale in the City and the likelihood that staff changes may be required, especially in the City's budget office, the new Mayor would do well to consider how his or her decisions on these organizational issues will affect staff attitudes and performance.

Another issue concerning City staff revolves around the fact that virtually all the senior City staff have been recruited by previous City Managers, their deputies, and department heads who are familiar with and may have a preference for the previous Council-Manager system. Our concern here is based largely on the experience of other cities, where, we were told, City staff may not actively oppose the mayor's policies but may not actively support them either. As we suggested above, the new Mayor and his or her deputies will need to provide clear guidance to senior staff as to what is expected of them.

CHAPTER FOUR

The Transition Process

The transition from the Council-Manager to the Mayor-Council system is complicated by the fact that it involves more than a transfer of formal functions. Resources must be provided for the different units of government to perform their separate functions as well as for new working relationships among these units to be developed. This chapter turns from a discussion of the substantive issues involved in the transition to consider the transition process itself. We begin by summarizing the lessons we have drawn from other cities that have recently made this transition. We then summarize the steps that have already been taken in San Diego. Next, we make a series of recommendations to facilitate the transition. We conclude the chapter with some closing observations.

Observations from Other Cities

Although the period between the enactment of reform and the date at which it became effective varied substantially in the other cities we examined,[1] we derived some common observations from our discussions with respondents in other cities. We highlight these observations below.

- The transition will be an ongoing event and not a short-term exercise that ends on January 1, 2006, when the new governance structure takes effect.

This is not just an issue of time constraints to get all the tasks done; that issue is real and not to be minimized. But the smooth functioning of the new governance structure requires new relationships, new coalitions, new growth in trust, and new social and political mores. These will have to be built over time; the time between

[1] This period varied from two months to almost two years.

now and December 31 is just the beginning of a likely multiyear evolution of the governance process in San Diego.

This should not be surprising given the experience of other cities. Charter drafters tend to want to get the "big picture" right and to leave the operating details to city officials. City officials tend to want it both ways: They want flexibility where and when they want it, and they want specificity and constraints available when disputes must be settled. This tension is manifested in almost all Charter revisions and in the end must be worked out politically. Therefore, San Diego should anticipate that both between now and December 31, 2005, and for a couple of years thereafter, there will be disputes about the "proper" implementation of the language of the Charter changes.

Also, acquiring new staff leadership will be a nontrivial exercise. Although it is not fair to the vast majority of the hardworking and competent City staff, there will have to be some element of "cleaning house" in the coming months and years as San Diego adopts strict new financial standards and works its way out of the current fiscal crisis. This really is more a function of resolving past fiscal lapses than instituting a new structure, but the two inevitably will be confounded. One can expect that working out the relationships among the Mayor, the senior staff leaders, and the bureaucracy will take many months, well beyond December 31, 2005.

Setting priorities for the most important legal and substantive change decisions of course must be done; one hopes that most of the fundamental changes required can be accomplished before December 31, 2005. But the City must also find mechanisms to continue to deliberate and resolve transition issues while operating under the new structure.

- Experience suggests that it would be useful to put resolution mechanisms in place early and try to abide by them.

Our discussions with other cities suggest that conflicts are inevitable during the transition period because the various parties to the transition differ in their interpretation of what the reform requires and how it should be implemented. As a result, other cities suggested that before attempting to resolve specific issues, the relevant parties—e.g., the Council, the City Manager, the City Attorney's office—agree to a standard mechanism for resolving these issues. For example, the Council may want to create one or more subcommittees to vet some of the lesser issues and general conformance issues that will arise. The current Council Transition Committee that includes all members of the Council is a start, but it probably should be altered once a handful of major decisions are made so the Council can be more agile during ongoing implementation. One or more smaller subcommittees with limited scope and some fast-track mechanism for getting key issues on the docket may help the decisionmaking process operate more effectively and efficiently. The Council may even

want to adopt some special rules for adjudicating transition issues so the matters can be resolved fairly and quickly.

- Even though the Charter changes revert to the current system of government in five years unless the citizens vote otherwise, the experience of other cities suggests it is important to take a long-term view toward improving government.

Few of our respondents in other cities say they "got it right" the first time. The interplay of personality and structure is cyclical. If the new Mayor is not perceived to be demonstrating the leadership expected, the drumbeat for mayoral change can be expected to start early. If the Mayor is perceived to be exercising the full powers of the Mayor-Council form of government with apparent detriment to some, the drumbeat for structural change will start early. The early years of the new structure inevitably will be consumed with resolving the current financial difficulties. Later years will include negotiations in anticipation of the sunset clause. The chances of reaching a "steady state" under the new structure are pretty low before the voices of "change something in the structure" enter the fray.

In light of this possibility, it is important for the major players in the transition to focus on the City's long-term government needs rather than seeking short-term personal gain. The experience of other cities suggests that when local officials attempt to game the transition for their own advantage, this hampers the success of the reform. Thus, it is important that local officials focus on the long-term implications of implementation issues rather than their short-term political gain.

This observation may be particularly relevant to San Diego since the number and severity of other distractions facing the City place San Diego's transition on the "choppy seas" rather than "smooth sailing" end of the transition continuum. Recognizing this fact and working the transition in spite of it will take considerable resolve on part of all participants as well as a clearer understanding of the problems involved in the transition and the issues it raises. This situation and the general sense of a lack of transparency in City Hall suggest our fourth general observation.

- The process of preparing for the transition and the discussion of the key issues that arise should be as open and transparent as possible.

The Web site that has been established to inform citizens about the transition is a good start. Moreover, we recognize that prior experience suggests that the public cares more about the outcomes of reform than the language and process itself. Nonetheless, there should be a concerted effort to make the transition process as open as possible.

Transition Activities to Date

Since an informal group from the City Manager's, City Attorney's, and City Clerk's offices first began to meet shortly after Proposition F was passed, the City has taken a variety of steps to prepare for the implementation of Proposition F. These actions include the appointment of a Citizens Advisory Committee on the Strong Mayor Form of Governance; the hiring of a consultant, The Dewey Square Group, to work on Council-related issues; the Council's establishment of a transition task force and the appointment of a task force chairman; and the identification of a consultant to work on executive office issues.

Working with representatives of the City Manager's and City Attorney's office, the Citizens Advisory Committee (CAC) has been meeting regularly to work on transition issues. In its first report to the Council, the CAC stressed the need for urgency in proceeding with the transition, noting that a serial approach to completing the required tasks would not get everything that needed to be done accomplished by December 31. The CAC emphasized that many tasks will have to be done in parallel and some tasks had yet to be identified. Among its activities, the CAC has identified a series of tasks to be accomplished and drawn up a schedule for completing those tasks. The Council has made a good start at following that schedule but we understand that it may be falling behind that schedule more recently.

The Dewey Square Group has produced a series of reports and recommendations on key transition issues, including the budget and legislative analyst offices, the powers of the Council's presiding officer, the Council's standing committee structure, constituent services, and the Council's role in the budgeting process. Each of these reports discusses the issues, describes how other cities have handled these issues, and makes recommendations for Council actions.

The chairman of the Council's transition task force has also issued recommended actions on the legislative and budget analysts' offices, the presiding officer of the Council, and the Council's proposed committee structure. As we noted above, in several cases, the chairman's recommendations differ from those of the consultant. The Council task force has met and discussed some of these issues.

The least progress appears to have been made by the Manager's and Mayor's offices, with both the Mayor and the Manager having submitted their resignations. As we understand it, although the consultant on the executive branch has been identified, no final contract has been signed (as this report is being written), and the consultant has not yet begun work.

In sum, despite the progress that has been made on transition issues, particularly by the CAC and the Council, work on the transition appears to be behind schedule. This is particularly the case with regard to the Mayor's and Manager's offices and the required work on the executive branch. In addition, much of the work that has been

accomplished has been done independently with little direct coordination among the different units of government, most particularly the executive branch.

Recommendations for the Transition

In light of the current status of the transition process, we recommend consideration of a series of actions. We recognize that this transition is similar to changing any organization, and many of the same guidelines that would be found in any project management plan apply here. Accordingly, some of the prescriptions for action we list below might seem rather straightforward, if admittedly more often difficult to do than to prescribe. Moreover, some of them address issues and actions that have already been identified by others. Nonetheless, the stakes for San Diego and its Mayor-Council system are high, and the time to prepare for the transition is shrinking. So we believe that presenting an integrated series of recommended steps will help San Diego prepare for the implementation of the new system.

1. Immediate attention needs to be devoted to the key issues and problems that will face the Mayor under the new system.

Although the CAC and the Council have begun to identify and resolve key transition issues and tasks and the Dewey Square Group has provided good background information, the Mayor's and Manager's offices have been much slower to recognize and act upon the basic tasks relating to the organization of the executive branch that must be completed before the end of the year. Symptomatically, the consultant identified in February to work on the transition in the executive branch has not yet signed a contract with the City and thus has not begun work. This is understandable given the status of the players and the priority of getting the proposed budget enacted. But precisely because the identity of the new Mayor will not be known until at least July 26 and perhaps not until November, it is important that steps be taken to identify problems now. If not, the "catch-up ball" played by the Mayor and the new senior administrative staff could well be debilitating.

As the City's CEO, the Mayor is responsible for the everyday operation of the City. Trash must be picked up, fires must be put out, and criminals must be apprehended. The Mayor's office needs to be organized; the current mix of skills evaluated; new staff, including a Chief Administrative Officer, recruited; and reporting relationships determined. Even more notably, the new Mayor's proposed budget embodying his or her priorities needs to be drafted. Final decisions on many of these issues cannot be made until the new Mayor is elected, but issues can be raised and alternatives put on the table for the purpose of discussion and seeking a broader understanding of what the new Mayor will face. Without the City Manager playing the chief execu-

tive's role, all the existing issues and procedures run the risk of piling up on desks in the Mayor's office.

There are several options that should be considered for remedying this situation. One is for the current Mayor to appoint a transition manager for the executive branch. Although that seems unlikely under current circumstances, it is a possibility. A second option is to wait until the Mayor resigns (July 15) and then have the acting Mayor (the deputy Mayor) appoint a transition manager. This option, of course, will delay the appointment. A third option is to have the consultant who was identified to advise the executive branch perform this analysis. Since the consultant was identified for similar purposes but has not yet been employed, this might be the best solution. The one option that should not be considered is to continue to muddle through until the new Mayor is elected. There are simply too many issues concerning the Mayor's role that need to be identified, and too many relevant options to be presented, to let the current situation persist. If nothing is done, the new Mayor (and perhaps even the new form of government) will start out with two strikes against them.

2. We recommend that efforts be made to increase the coordination among the key players in the transition. This might be accomplished by appointing a transition manager to help identify tasks, issues, and schedule constraints in order to keep the Council, the Mayor's office, and the Manager's office on a roughly equal path toward the changes in operations that will begin January 1.

If this were a private-sector operation, or even one in a single branch of government, the first questions that would be asked are "Who is the project manager?" "Where are the project budget and schedule?" An appointed transition manager should not be a "transition czar" who inevitably would be in an impossible political situation. Instead this could be someone who would identify urgent tasks in consultation with the relevant parties, publish a schedule each week, press all players to address open issues, raise new issues, help players—including the public—locate resources or references to solve problems, and generally enhance the transparency of the transition process that is needed both to get the job done and to help rebuild the credibility of the City's government.

Using the Web site already set up by the Manager's office, the transition manager can help bring coherence to the process and, importantly, help the public and the many busy actors on the periphery understand the state of play and the issues before the Council and the Mayor's and Manager's offices. Such an individual cannot make the political choices that must be made, but he or she can produce a regular "information manifesto" that can serve the needs of the overall process.

In addition, the transition manager could help the transition process by working through eight to ten of the common decision processes that will face the Council and

the executive branch under the new structure. A list of such decision processes might include:

- How will the meet-and-confer process be led and managed and who will take part in the process?
- How will land-use appeals be handled?
- Who will be the redevelopment agency?
- How will bonds be vetted and offered for sale?
- How will changes in personnel procedures be processed?
- How will a standard ordinance, say to ban smoking at the beaches, be processed?
- What are the critical steps required to put the budget together and on what schedule?
- How will the veto process operate?

Currently, for example, the City Council lists some 231 Council policies that range from use of the Council chambers to equal opportunity. Two of these, among others, deal with the budget process. CP-000-02, Budget Process, and CP-000-20, Annual Council Programming,[2] set forth quite detailed specifications for budget matters that involve the responsibilities of the Manager (presumably the Mayor and a senior administrative officer in the future) and the Council. These specifications may be only partly applicable under Proposition F.

A parallel suggestion is that each of the transition teams designate one person as a liaison charged with the responsibility of providing information to the transition manager regarding the team tasks and goals and progress toward those goals. In the spirit of the different type of cooperation that is going to have to prevail between the executive and legislative branches of government in San Diego in the future, the liaisons would be voluntary. But one imagines the clarity that can be provided by sharing of information has a good chance of being reward enough for participation.

Both the Citizens Advisory Committee and the Manager's office have created notional task lists and schedules for the transition. They are partial, imperfect, and not combined into a single authoritative document; but they are a start. We add our own notional task list and schedule in the Appendix, in the hopes of moving the process another step forward and consolidating our recommendations with ongoing activities. Our task list and schedule likewise will be imperfect in the face of the rapidly changing environment in San Diego, but hopefully it can serve as a reasonable starting place for the transition manager role we suggest above.

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[2] Just adopted in February 2005.

3. While we recognize that multiple legal issues are involved in making the transition, we suspect that many of these issues will not be resolved prior to December 31. We recommend that the City focus its efforts on the substantive issues of transition, saving the most difficult legal issues until after the transition has occurred.

As the CAC has pointed out, for the will of the people expressed in the passage of Proposition F to become a reality, a number of changes to the municipal code will be required. The CAC also noted in its initial briefing to the public that there was then no plan in place to ensure that these adjustments would be made prior to the implementation of the Mayor-Council system. To our knowledge, this remains true.

Clearly, there is a need to deal with as many of these issues as possible before the transition to the new system takes place. This is particularly true with regard to the Municipal Code, which serves as a template for City operations and which the Council must modify.[3] Thus, we recommend that a small legal task force be established to work on bringing the Municipal Code into conformance with Proposition F during the transition period. But, as the CAC has also pointed out, the process of changing the Municipal Code does not lend itself to haste. Moreover, as we have pointed out several times, the transition process itself will not end on December 31. New problems will be discovered, new organizational forms will develop, and new working relationships will evolve. Indeed, leadership and skilled political activity are likely to be more important for speedy resolution of transition issues than getting the legal paperwork totally consistent. When faced with uncertain conformity between the Charter and the Municipal Code or other applicable rules and regulations, good political skills and negotiation should be the lead requirement.

Over the longer term, however, it will be important not just to have consistency between the Charter and the Municipal Code but also to resolve issues that are only identified after the new system is implemented and before a final decision is made on whether to retain the Mayor-Council system. Thus, we see a need for and recommend that a longer-term Charter review commission be established. This would not only provide an opportunity to iron out the kinks but it would also provide for a more open and gradual review process than may have been true of Proposition F. Since this need is not as pressing as resolving the more immediate transition issues, this commission need not be established until six to nine months after January 1 when some of the remaining issues begin to become apparent. Whether the commission is appointed or elected is an open question and other cities have used both procedures. Given San Diego's situation, to ensure transparency and to avoid the issues

[3] Indeed, we understand that the required changes to the Municipal Code must be adopted by November 15, 2005, to be effective January 1, 2006.

of whether the Mayor or the Council should have greater weight in choosing commission members, we recommend that the commission be elected.

4. Given the City's current fiscal situation and the uncertain costs of the transition and the implementation of changes in the City's organization, we recommend that, to the greatest extent possible, the executive and legislative branches reallocate resources both to participating in transition activities and to establishing new organizational forms.

The budget for transition presents several complications. Obviously, it is not easy to fund new requirements in the face of extreme fiscal constraints. Also, the budget must meet the needs of a transition period from July 1 to December 31, 2005 and an operating period from January 1 to June 30, 2006. Finally, the budget must be passed before July 1, 2005.

These resource constraints could slow down the completion of the various transition tasks as well as increase the costs of the organizational changes necessitated by Proposition F. As a result, resources currently allocated to other activities will have to be shifted, first for the transition and then after the new system is instituted.

This should be the easiest to do for the Manager's office in the period until December 31 because the Manager commands a relatively flexible set of knowledgeable resources. It will be more difficult to do for the Mayor's office because, for most of the period until December 31, the Mayor may be temporary pending the outcome of the election. For the Council, knowing how to budget for staff and other expenses in time to pass the fiscal 2006 budget is problematic.

Thus, an appropriation for new resources in fiscal 2006 will have to be in a "contingency" or fenced-off portion of the budget that is unallocated until further action is taken after the budget is passed. The City Manager has reserved some funds in the budget for this. A high priority of the Mayor, the Manager, and the Council in the final budget crunch in mid- to late June should be to preserve a basic amount to support transition activities through December. Once sequestered, these funds can be allocated as transition needs arise, but it probably would be helpful if the Council provides for some efficient mechanism to do this in the Annual Appropriations Ordinance.

One suggestion that might have merit is for each Council member to give up the resources to cover some (certainly more than one) of his or her staff positions and have those resources reallocated to provide the basis for hiring the Council-wide legislative and budgetary staff. Considering the key legislative oversight role of the Council after December 31, 2005, and the new executive responsibility of the Mayor to respond to constituent needs, this might be a way for the Council to jump-start the creation of its legislative and budgetary support unit without unduly sacrificing desired personal staff.

Concluding Thoughts

At the core, several general principles are necessary if not sufficient conditions for a successful transition. First—and we cannot say this too many times—the lessons from other cities and the literature on municipal government stress that leadership, not structure, is essential to effective governance. San Diego should not fall into the trap of believing that a change in governmental structure will solve its problems.

Second, the transition will not end on December 31. The temptation to hope that early decisions about staffing, committee structure, and so forth will put transition behind the City should be avoided. As we have said repeatedly, new relationships, new coalitions, and new processes will take many months to work through and to perfect. As Yogi Berra allegedly said, "It ain't over till it's over." The transition won't end on December 31.

Third, and probably highest on the list of principles, the political culture of San Diego will change. Reliance on the City Manager is no longer possible. Political decisionmaking processes will change. The process of doing the people's work must be more transparent. The information used to support public decisions must regain credibility—along with that of some of the individuals generating and using this information. An open, questioning culture that is fair but firm should supersede the all-too-invisible murky decisionmaking of the past. Trust, even if spelled with a lowercase *t*, must begin to replace mistrust, a word used sooner or later in virtually every interview we had with San Diegans. The transition process will be a part of this change, and there is little doubt that the more quickly the political culture changes, the more successful the transition will be. But change in the political culture will have to endure well beyond the nominal transition process.

Finally, the Council and the Mayor have to reenergize their work on the major problems of the City as a whole and of the region. The City of San Diego occupies a large and sprawling geographic region and many citywide and regional issues demand attention. Repeatedly in our interviews, San Diego respondents cited the looming issues of infrastructure and the difficulties of bringing the "City of Villages" together to confront the issues facing the City as a whole as priorities that should be front and center but are not. The new Mayor will have a new platform from which to lead the City, one in which the executive branch can execute a broad vision of realizing a future of San Diego that lives up to its aspirations. The new governmental structure sets the stage. But, despite the acknowledged need to solve the immediate fiscal crisis, the Mayor and Council will have to play the lead roles in building a new reality for San Diego.

APPENDIX

Notional Task List and Schedule

On the following two pages, we present our notional task list and schedule for the implementation of San Diego's transition to the Mayor-Council form of government.

Notional Transition Tasks and Schedule

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
2		**Notional Transition Tasks and Schedule**																
3			**PARTICIPATING UNITS**															
4			***Lead Unit***															
5		**TASKS**	**(to be specified by Transition Manager)**															
6					**6/15–**	**7/1–**	**7/16–**	**8/1–**	**8/16–**	**9/1–**	**9/16–**	**10/1–**	**10/16–**	**11/1–**	**11/15–**	**12/1–**	**12/16–**	
7		**Joint**			**6/30**	**7/15**	**7/30**	**8/15**	**8/31**	**9/15**	**10/30**	**10/15**	**10/31**	**11/15**	**11/30**	**12/15**	**12/31**	**Thereafter**
8																		
9	**J1**	**Appoint Transition Manager**																
10	J1a	Develop and publish transition task list, task responsibility																
11		and schedule																
12	J1b	Pass transition activity budget																
13	J1c	Identify transition team members from Mayor's office, Council, City																
14		Attorney's Office and City Manager's Office and Citizen Advisory																
15		Committee																
16																		
17	**J2**	**Design Annual Budget Process**																
18	J2a	Create Annual **Budget Calendar** with required milestones																
19	J2b	Specify Mayor responsibilities (following new code)																
20	J2c	Specify Council responsibilities (following new code)																
21	J2d	Specify processes for annual salary ordinance (following new code)																
22	J2e	Design budget amendment process post January 1, 2006																
23																		
24	**J3**	**Review and Revise Municipal Code**																
25	J3a	Sort "easy" conversions and pass omnibus ordinance																
26	J3b	Schedule issues and pass individual ordinances as needed																
27																		
28	**J4**	**Establish Small Legal Task Force**																
29	J41	Convene Working Group to Research Legal Issues as They Arise																
30																		
31	**J5**	**Review and Revise as necessary Board and Commisson**																
32		**appointment process**																
33																		
34	**J6**	**Review structure and by-laws of Redevelopment Authority**																
35		**and Housing Commission**																
36	J6a	Create new procedures and specify senior staffing for																
37		Redevelopment Authority																
38	J6b	Review and revise as necessary governance structure for																
39		independent non-profit redevelopment agencies																
40	J6c	Review governance and staffing of Housing Commission																
41																		
42	**J7**	**Design Procedures for Mayor to present legislation to Council**																
43	J7a	General Docketing																
44	J7b	Special Docketing																
45																		
46	**J8**	**Design and Adopt Closed-Session Procedures**																
47																		
48	**J9**	**Design and Adopt New 1544 (Request for City Manager Action)**																
49		**Procedures**																
50																		
51	**J10**	**Adopt Adjudication Mechanism to Resolve Joint Transition Issues**																
52																		
53	**J11**	**Work Through 8-10 Common Legislative/executive Procedures**																
54																		
55	**J12**	**Design New Veto Process in Accord with Charter**																
56																		

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Notional Transition Tasks and Schedule (continued)

		TASKS	PARTICIPATING UNITS *Lead Unit* (to be specified by Transition Manager)	6/15–6/30	7/1–7/15	7/16–7/30	8/1–8/15	8/16–8/31	9/1–9/15	9/16–10/30	10/1–10/15	10/16–10/31	11/1–11/15	11/15–11/30	12/1–12/15	12/16–12/31	Thereafter
		Mayor															
M1		**Create Alternative Structures for Mayor's Office**															
	M1a	Generate Options in Advance of Election															
	M1b	Choose Office Structure															
	M1c	Create Skeleton Policies and Procedures Guide															
M2		**Recruit Senior Staff**															
	M2a	Chief Administrative/Operations Official															
	M2b	Chief Political Official															
	M2c	Chief Council Liason															
	m2d	Chief Financial Official															
M3		**Generate Comprehensive Restatement of the Duties and Responsibilities of the Mayor**															
	M3a	Bring Together Charter and Municipal Code, as well as Council and Manager Rules, to create in one place a Restatement of the Duties and Responsibilities of the Mayor															
	M3b	Assign specific staff leaders to specific responsibilities															
M4		**Specify Process for Responding to Council Requests for Staff Reports and information**															
	M4a	Participate in Creating New 1544 Process															
M5		**Design New Communications Program Consistent with Charter**															
	M51	Citizens															
	M52	Council															
	M53	Staff															
M6		**Design New Support Structure for Land-Use Planning and Redevelopment Activities**															
M7		**Design New Support Structure for Labor Relations**															
M8		**Design New Support Structure for Financial Affairs**															
		City Council															
C1		**Determine Responsibility and Scope of Office for Presiding Officer**															
	C1a	Specify Council Agenda Procedures															
C2		**Determine Scope and Responsibilities of Council Committees**															
C3		**Determine Scope and Responsibility of Independent Budget Analyst**															
	C3a	Recruit Senior Budget Staff															
C4		**Determine Scope and Responsibility of Legislative Support Office**															
	C4a	Recruit Senior Legislative Support Staff															
C5		**Review, Revise and Re-adopt as Necessary Council Policies**															
	C5a	Conform Existing 231 Policies to New Operating Responsibilities and Procedures															
C6		**Review, Revise, and As Necessary Adopt New Land-Use and CEQA Quasi-Judicial Procedures**															
				30-Jun		31-Jul		31-Aug		30-Sep		31-Oct		30-Nov		31-Dec	

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- **Settled Issues**
  - IBA
  - Council President
  - Constituent Services
  - Budget Process
- **To be Revisited**
  - IBA – reconsider creation
  - Committee Structure – Passed 3-2, subsequent discussion to reconfigure the duties and number of committees
- **Future Consideration**
  - Legislative Process Scheduled for 7/14/05
  - Redevelopment and Housing Commission Issues – Largly guided by state law, City Attorney is preparing a report to present to the transition committee
  - City Clerk Functions and City T.V. – referred to the Transition Committee during the Budget process, Clerk working on a report should be ready for July 21
- **Questions and Answers**
  - **How will we pay for the new positions in the office of Budget Analysis?**
    - We have asked the Manager to develop restructuring scenarios to create the IBA by transferring existing positions from the Mayor's office and Manager'f office. I have asked the Manager to be prepared to present those proposals to the committee before the August Legislative break
  - **The budget has already been adopted, how will you fund the Budget Analyst and Legislative Analyst?**
    - 1st - In the adopted FY06 budget, $250,000 has been set aside for the creation of new positions in anticipation of the Strong Mayor Structure. Remember this money will not be spent until January 1, 2006 and represents ½ of the annual need
    - 2nd – Additional positions will be accommodated by amending the adopted budget once a structure is adopted and we know exactly how many positions are needed via shifting positions and amending the budget
      - Amending the budget in the middle of the year violates a Council Policy which would have to be waived in recognition of the extraordinary situation?
      - Amending budget maynot benecessary if OLA & IBA can be assembled by shifting existing positions.
  - **When will the hiring process begin for the IBA and, if approved, the OLA?**
    - I have asked the Personnel department to prepare a recruitment and hiring plan including the need for any council action. The

position will be selected by the Council and the important thing is to have a process in place so that this office will be staffed at the time of the transition.

- **You are way behind schedule and will not finish in time.**
  - There are only hand full of issues left to cover.
  - After our meeting this week, the majority of the policy issues will have been covered with the remaining issues guided largly by state law.
  - I have identified August as a drafting month for staff and the City Attorney to make whatever changes are necessary to the Muni Code (which include the permanent rules of Council) to implement the policy direction of the transition team
  - The transition team will reconvine in early September to review the proposed revisions and whoucl be ready for council consideration in late September.
  - Changes must be approved by Council by November 15, 2005 to be effective in January 1. September Council review is nearly 2 months before the last possible date.
- **No-one is planning for the Mayor's transition**
  - To a certain extent, the Mayoral transition is simpler.
  - There is currently an administrative system in place which ensures that the needs of the citizens of San Diego are met.
  - To the extent that the Mayor wants to do things differently they will be able to do that without the need to make substantive changes to the muni code.
  - At the same time, the interrelation between the Mayor and Council from the Mayor's perspective will beed some work prior to the end of the year.
    - Money has been set aside and a consultant identified to begin the work of the Mayoral transition
    - Assuming there is no Mayor after the primary later this month, I plan to sit down with the two finalists to see what work can be done by this consultant which would be valuable regardless of which candidate is selected.
    - I think it will be much easier for whomever is selected if they have the benefit of research on a number of possible ways their office could be set up.
    - The important thing is that this is the Mayor's office and we want to make sure that we do all that we can possibly do to ensure that the Executive side has a smooth transition.
- **What about the RAND report?**