
OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

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Item Number: 200

FY 2009 Budget Deliberations

OVERVIEW

On June 4, 2008, the Budget & Finance Committee held its last hearing and deliberations on the FY 2009 Proposed Budget, including the final recommended revisions by the Independent Budget Analyst (IBA Report 08-57, attached). The committee took public comment, heard from City staff and discussed various options presented to them. At the conclusion of the meeting, the committee voted 4-0 to forward the IBA's recommendations to the full City Council for discussion, along with a number of referrals to staff for more information.

To reflect the discussion at the Committee meeting, including feedback from the CFO, we have made modifications to our original proposal. This revised proposal is discussed in detail below and is outlined in the table attached to this report.

FISCAL/POLICY DISCUSSION

PART 1

Our revised proposal has two parts. Part 1 of the proposal is a conservative scenario that suggests significant restorations of service to the public. However, some of these restorations are only partial restorations that do not return all services to FY 2008 levels.

The service restorations recommended in the first part of our proposal align closely with those discussed at a special public hearing on the Park and Recreation and Library budgets. As indicated in the chart on page four of our attached report, Part 1 provides for \$2.5 million of service restorations including all Skate Park supervision; five Park and Recreation Area Managers; a Grounds Maintenance Supervisor; 8.5 Library Assistants, 3.0 Librarians IIs and

a Custodian for the Central Library. Also included in Part 1 is a small amount of funding to provide overnight camping on weekends only at Kumeyaay Campground.

As previously noted, subsequent to the Committee's deliberations, we have made several modifications to our proposal, as shown in the attached table. Part 1 has been modified to include the restoration of pool operations to FY 2008 service levels. Restorations in Part 1 are funded through utilization of the Environmental Growth Fund balance; elimination of FY 2009 funding for the Jefferson Wells contract; and a partial reduction to Managed Competition consulting support.

PART 2

The second part of our proposal builds on Part 1 by recommending further priority service restorations for Park and Recreation and Library primarily to maintain key services at FY 2008 service levels. To return services to FY 2008 levels in the area of park management and oversight, restoration of five additional Area Managers and two additional District Managers is recommended. For the Library, four more Library Assistants are restored as well as \$500,000 for the matching funds program. A Graffiti Control supervisor reduced from Neighborhood Code Compliance is also recommended for restoration to maintain FY 2008 service levels. Partial restorations also include four non-sworn Police personnel. Three additional items not previously considered in the budget are also recommended including temporary staffing for the Children's Pool Lifeguard Station, an Administrative Aide for the City Clerk and a Fiscal and Policy Analyst for the Office of the Independent Budget Analyst. Part 2 is funded by an increase to the Redevelopment Agency loan repayment from \$5.0 million to \$7.5 million, as described in more detail below.

Based on discussions at Committee on June 4, we have revised our proposal, as shown in our attached table, to remove the reduction to Booking Fees as a resource. The money budgeted for this purpose will serve as the City's FY 2010 payment to the County and, given the high level of uncertainty with the negotiations on the MOU, as well as the state funding for this program, we do not recommend altering the funding proposed in the Mayor's budget. We have also eliminated the restoration of four positions each for Street Maintenance and Facilities Maintenance, as well as a proposal for year-round operations for all pools in the City. This is a more conservative approach that seeks to maintain services to the citizens at FY 2008 levels, but does not provide service enhancements.

Finally, there are also several technical corrections incorporated into the revised table, including the removal of duplicative City Clerk overtime funding, the addition of 1.00 FTE for the Fire helicopter (for a total of 9.80 FTE), and we have shown the State bond funding as a resource that is being used by several districts to restore pool operations to FY 2008 levels.

Redevelopment Agency Loan Repayment

The IBA continues to recommend the Redevelopment Agency Loan Repayment at \$7.5 million, as shown in the table. There are several questions that arose at the Committee discussion that warrant more clarity in order for the Council to consider this item.

Use of Tax Increment

As discussed by CCDC Chief Financial Officer Frank Alessi on June 4, the City Council and the Redevelopment Agency has to make certain findings to enable the Mayor's proposed use of tax increment to repay PETCO Park bonds. It is anticipated that a memo will be released with more detail on the proposed findings, and that the action itself will come to Council and the Agency at a later date to approve the mechanism. The IBA wishes to emphasize that the Council and Agency will have to make the findings for the Mayor's proposed \$5 million repayment as well as the additional \$2.5 million proposed here, should there be a desire to utilize these funds in the FY 2009 Budget.

Special Promotional Programs Budget

Originally, the IBA suggested budgeting this loan repayment directly in the General Fund for transparency and to provide the maximum flexibility to the City, as discussed by CCDC. We continue to recommend this as the best option for the City, particularly for the long-term of this loan repayment. However, based on additional information regarding the preferred mechanism to utilize tax increment for PETCO Park bonds, the IBA can support budgeting this funding in Special Promotional Programs for FY 2009.

Mechanically, this benefits the General Fund by freeing up more funding in Special Promotional Programs (otherwise needed to pay PETCO debt service) to be used for promotional activities currently supported by the General Fund. In the Mayor's memo of June 3, 2008, responding to our proposal for an additional \$2.5 million, the Mayor expressed concern about identifying another \$2.5 million of promotional activities in the General Fund. The IBA has reviewed the General Fund budget and has confirmed with the CFO that significant additional promotion-related expenses exist. The additional \$2.5 million could reimburse expenses ranging from turf maintenance at Mission Bay Park and beaches and shoreline parks to a portion of lifeguard operations. Should the Council wish to approve the additional \$2.5 million of Redevelopment Agency Loan Repayment, \$2.5 million in qualifying General Fund expenses will be reimbursed in order to restore the services as proposed in our attached table.

Project Delays

With both the \$5 million and the additional \$2.5 million in proposed Redevelopment Agency Loan Repayment, issues of project delays should be explored and discussed. It is our understanding that neither of these funding scenarios would cause undue delay in planned projects, but that specific information about each project should be provided to the City Council in an anticipated memo from CCDC.

The IBA suggests that, in addition to finalizing discussions on these proposals for FY 2009, the Council and Agency should engage in a policy discussion on the long-term strategy for the Agency loan repayment.

Committee Referrals

There were several items of information requested at the Committee meeting on June 4. Some of these items are being responded to by staff, such as the memo from the Financial Management Director regarding public safety cost recovery for universities and colleges, or the expected memo from CCDC's Chief Financial Officer regarding the findings needed to support the Redevelopment Agency Loan Repayment included in the budget. Below the IBA comments on two other items of information surfaced at the hearing.

Pool Operations Scenarios

As discussed in our Report 08-57, it would be possible to restore all City pools to year-round operations with an additional \$1 million of funding, above that shown in our table to restore operations to FY 2008 service levels. As an alternate scenario, staff has shown that additional funding of approximately \$620,000 could restore pool operations to provide for only eight weeks of closure at most pools, instead of the 3.5 months of closure planned in the budget.

Kumeyaay Campground

At public comment, one speaker requested that Council consider adding a Park Ranger, rather than 0.50 Recreation Center Director I for Kumeyaay Campground. The Park and Recreation Department felt the proposed partial Recreation Center Director could most effectively assist with some of the more administrative duties of opening the campground for weekends, and would also plan to have other Park Rangers at Mission Trails absorb some ranger duties related to weekend camping at Kumeyaay. However, should the Council wish to consider the restoration of a Park Ranger, the IBA notes the cost would be \$73,500. If 1.00 Park Ranger was swapped for the 0.50 Recreation Center Director I, this would be an additional cost of approximately \$39,000 over the funding proposed in our table.

CONCLUSION

As referenced in our Report 08-57, the IBA recommends approval of the FY 2009 Proposed Budget, as modified by the Mayor's Revise and CFO addendum of May 29, 2008. The IBA also supports the budget revisions in Parts 1 and 2 of the revised proposal as discussed herein.

[SIGNED]

Penni Takade
Deputy Director

[SIGNED]

APPROVED: Andrea Tevlin
Independent Budget Analyst

Attachment: IBA Report 08-57

PROPOSAL Part 1		FTE	EXPENSE	REVENUE
RESOURCES				
1	Environmental Growth Fund Support for Appropriate General Fund Expenses	0.00	\$ -	\$ 1,485,000
2	Council Administration - Reduction to Jefferson Wells Contract	0.00	\$ (225,000)	\$ -
3	Business Office - Partial Reduction to Managed Competition Support	0.00	\$ (400,000)	\$ -
RESTORATIONS				
1	Park & Recreation - Skate Park Supervision	8.80	\$ 530,000	\$ 115,000
2	Park & Recreation - Partial Position Restorations	6.00	\$ 552,000	\$ -
3	Park & Recreation - State bond funding for Memorial, Vista Terrace and Allied Gardens Pools	4.46	\$ 315,700	\$ 315,700
4	Park & Recreation - Restore Swimming Pools to FY 2008 Service Levels	1.79	\$ 135,500	\$ 13,000
5	Library - Partial Position Restorations	12.50	\$ 980,840	\$ -
6	Park & Recreation - Overnight Camping at Kumeyaay Campground	0.50	\$ 83,000	\$ 27,000
TOTAL PART 1		34.05	\$ 1,972,040	\$ 1,955,700
PROPOSAL Part 2				
RESOURCES				
1	Redevelopment Agency Loan Repayment Increase - \$5.0M to \$7.5M	0.00	\$ -	\$ 2,500,000
RESTORATIONS & ADDITIONS				
1	Park & Recreation - Further Position Restorations	7.00	\$ 700,000	
2	Library - Further Position Restorations	4.00	\$ 308,160	\$ -
3	Library - Matching Funds	0.00	\$ 500,000	\$ -
4	Fire-Rescue - Children's Pool temporary station staffing	0.00	\$ 162,000	\$ -
5	Fire-Rescue - Bomb Squad Training Hours	0.00	\$ -	\$ -
6	Fire-Rescue - Staffing for Helicopter 2	9.80	\$ -	\$ -
7	Development Services/NCC - Graffiti Control	1.00	\$ 86,100	\$ -
8	City Clerk - Administrative Aide II	1.00	\$ 78,200	\$ -
9	IBA - Staffing Plan Phase II	1.00	\$ 210,000	\$ -
10	Police - Technology Enhancements	0.00	\$ -	\$ -
11	Police - Non-Sworn Position Restorations	4.00	\$ 282,600	\$ -
12	Allocate \$10 million to Appropriated Reserve	0.00	\$ -	\$ -
TOTAL PART 2		27.80	\$ 2,327,060	\$ 2,500,000