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## OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

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**Date Issued:** February 12, 2010

**IBA Report Number:** 10-14

**PS & NS Committee Date:** February 17, 2010

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# Funding for Administration of Community Parking District Conflict of Interest Code

## OVERVIEW

On January 11, 2010 the City Council adopted a Conflict of Interest Code for the City's six Community Parking District Advisory Boards. It is currently estimated that this Conflict of Interest Code will apply to approximately 140 individuals who are either members of an officially recognized Community Parking District (CPD) Advisory Board, or part of a sub-committee or group that acts in a decision-making capacity with regard to CPD revenues. Each individual to whom the Conflict of Interest Code applies will be required to file a Statement of Economic Interest (SEI), including a number of former Advisory Board members who will be required to file retroactively.

Prior to the January 11 Council meeting, both the City Clerk and the Executive Director of the Ethics Commission raised concerns about the impact of the Conflict of Interest Code, and indicated that additional staffing resources may be required to effectively administer the SEI filing process should the Code be adopted. These concerns were noted in IBA Report No. 10-04, and a potential funding option was identified. The City Council adopted the Conflict of Interest Code and referred the issue of administrative funding to the Public Safety and Neighborhood Services (PS&NS) Committee.

## FISCAL/POLICY DISCUSSION

The City of San Diego currently has six Community Parking Districts: Downtown, Uptown, Mid-City, La Jolla, Old Town and Pacific Beach. Governed by Council Policy (CP) 100-18, CPDs are established to "provide a mechanism whereby communities

unable to meet existing parking demands may devise and implement parking management solutions to meet their specific needs and resolve undesirable parking impacts.”

Pursuant to CP 100-18, 45% of total parking meter revenues generated within each CPD will be allocated to that District on an annual basis. Funds shall be used for improvements and activities that increase the availability, supply and effectiveness of parking within the CPD. However, of the City’s six CPDs, only three (Downtown, Uptown and Mid-City) currently generate parking meter revenue within their respective boundaries.

Council Policy 100-18 also includes a provision whereby 5% of the annual CPD allocation shall be retained by the City to cover administrative costs of the program. In FY 2009, approximately \$3.3 million was allocated to the CPDs. However, only \$113,844, or 3.5%, was retained for City administrative costs. Therefore, it appears that the existing provisions of CP 100-18 provide the capacity for additional administrative funding. If the full 5% of the CPD allocation were retained, an additional \$50,000 could be generated to cover administrative costs.

Beyond this capacity for additional funding under current provisions, the City Council could amend CP 100-18 to allocate a larger percentage of CPD funding for administrative costs. Any increase in administrative funding – whether under current provisions or through an amendment to CP 100-18 – will result in less funding allocated to the CPDs. In addition, it should be noted that the forthcoming Parking Meter Utilization Plan includes a proposed amendment to CP 100-18 whereby all administrative costs are funded prior to calculation of the 45% allocation to CPDs. If adopted, administrative costs related to SEI filings by Advisory Board members could also be recovered through this mechanism. It is anticipated that the Parking Meter Utilization Plan will be brought forward for Council consideration within the next few months.

#### Administrative Costs Related to the CPD Conflict of Interest Code

As noted in IBA Report No. 10-04, the City Clerk is designated as the Filing Official for the City of San Diego, and is charged with administering the Statement of Economic Interest (SEI) filing process. This process involves obtaining contact information of all required filers; training designated filing liaisons of the requirements under State law; sending notification of filing requirements, filing instructions and all necessary forms and documents; reviewing filing submissions for consistency; sending follow-up notification for non-respondents or for those that require amendments; comprehensive tracking of filing status for each required filer; and potential levying of fines and referral of non-respondents to the Ethics Commission.

On February 10 the City Clerk released Report No. 10-01, which provides a detailed description of the work tasks and processes involved with the SEI filing process. In

addition, the report provides an estimate of the hours and costs involved with administering this process for an estimated 140 District Advisory Board members. According to the City Clerk's estimate, the total annual cost for this process is approximately \$11,500. While administering the filing process for CDP Advisory Board members will present some administrative challenges, the Clerk's Office has indicated that no additional staffing or budgetary resources would be necessary.

In addition to the duties performed by the City Clerk's Office, the Ethics Commission also plays a critical role in the SEI filing process in the form of training and enforcement. Commission staff provides training and technical assistance on SEI filing requirements, and provides oversight of the filing process through follow-up investigation and enforcement of suspected violations. However, in a January 11, 2010 memorandum to the City Council, the Executive Director of the Ethics Commission indicated that due to recent staff reductions, the Commission does not have the resources to provide training or enforcement for SEI filings by the CPD Advisory Boards.

As part of citywide budget reduction in FY 2009 and FY 2010, two positions were eliminated from the Ethics Commission budget, a Training Aide and an Attorney Investigator. The Commission has indicated that restoration of the Attorney Investigator position would provide the needed staff capacity to effectively perform the training and enforcement activities related to SEI filings by CPD Advisory Board members. However, it should be noted that this additional training and enforcement would not likely constitute a full-time workload. Therefore, allocation of CPD revenues to fund a full-time position would not be justified. Funding provided to cover the cost of a half-time position would be more appropriate.

The FY 2010 budget for 1.00 Attorney Investigator position is \$102,226, including salary and fringe. If one-half of this position was restored to the Ethics Commission budget, it would equate to an increase of \$51,113. Based on the additional funding capacity currently available within the 5% allocation for administrative costs, it appears that this half position could be adequately funded without amending the CP 100-18.

## CONCLUSION

On January 11, 2010, the City Council adopted a Conflict of Interest Code for the City's six Community Parking District (CPD) Advisory Boards. Under the Conflict of Interest Code, CPD Advisory Board members are required to file an annual Statement of Economic Interest (SEI). In addition, certain former Board members are required to file SEIs retroactively. It is currently estimated that 140 Advisory Board members will be required to file an SEI.

The additional number of SEI filers under the CPD Conflict of Interest Code presents administrative challenges for both the City Clerk and Ethics Commission. The City

Clerk is designated as the filing official for the City of San Diego, and is charged with administering the filing process, while the Ethics Commission provides critical training and enforcement. Despite the added administrative burden, the City Clerk has indicated that no additional staffing or budgetary resources are needed. However, the Ethics Commission has indicated that the restoration of an Attorney Investigator, which was eliminated as part of the FY 2010 Budget Reductions, will be required in order to provide training and enforcement for SEI filings by CPD Advisory Board members.

Under Council Policy 100-18, which governs the establishment and funding of CPDs, 45% of total parking meter revenues generated within each CPD will be allocated to that District on an annual basis. The Council Policy also provides that 5% of the annual CPD allocation shall be retained by the City to cover administrative costs of the program. However, in FY 2009, only 3.5% of the CDP allocation was retained for City administrative costs. If the full 5% of the CPD allocation were retained, an additional \$50,000 could be generated to cover administrative costs. This amount would be sufficient to fund the restoration of one-half of an Attorney Investigator position for the Ethics Commission.

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