



THE CITY OF SAN DIEGO

OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

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Item Number: 5

FY 2014 City Council Budget Priorities

OVERVIEW

The Fiscal Year 2014 Budget Process Key Dates, adopted by City Council on November 13, 2012, outlines the critical dates for budget development in accordance with the City Charter. It also serves to inform the citizens of San Diego about the upcoming budget process. The initial step for Council and public input into the budget process is the development of the City Council budget priorities resolution, which is compiled from individual Councilmember memoranda outlining priorities for the upcoming budget.

On February 11, 2013 Council President and Budget & Finance Committee Chairman Todd Gloria issued a memoranda requesting all Councilmembers to submit their individual budget priorities for the FY 2014 budget to the Office of the Independent Budget Analyst by March 1, 2013. All nine Council districts are represented in this proposed resolution.

This report summarizes common themes in individual budget priority memoranda from each Councilmember. The individual Councilmember memos are provided as an attachment to this report. These common themes have been identified as representative of the budget priorities of the City Council based on fiscal and policy items recurring throughout the memos and they serve as the basis for the Budget Priorities Resolution. The draft resolution will be discussed by the Budget and Finance Committee on March 13, 2013. Based on the Committee's review and input, the Office of the IBA will forward this report with any requested Committee modifications for a second public hearing at City Council on March 18, 2013. The Priorities Resolution will then be subsequently forwarded to the Mayor for his consideration during development of the Mayor's FY 2014 Proposed Budget.

FISCAL/POLICY DISCUSSION

FY 2014 City Council Budget Priorities

Councilmember budget priority memoranda include a wide range of priorities for the FY 2014 Proposed Budget, but the majority of Councilmembers focused on two key areas for increased funding. First, additional resources for public safety were the key focus for each memoranda, with varying requests for Police, Fire-Rescue, and Lifeguard funding. Second, emphasis was placed on the continued efforts by Council and the Mayor to address the large backlog of deferred capital throughout the City of San Diego including funding of streets, sidewalks, and facilities. Additional priorities include funding for the Park & Recreation and Library Department, neighborhood services, and continued adherence to fiscal policies, reforms, and efficiencies. The summary of priorities from Councilmember memoranda submitted to our office is outlined below.

Enhancing Public Safety

- Police Priorities (Council Districts 1, 2, 3, 4, 5, 6, 7, 8, & 9)

A consistent priority among all Councilmember memoranda is increased funding for the Police Department primarily for funding the Police Department Five-Year Plan.

Recommendations from the Five-Year Plan include restoration of civilian positions (including specific mention of Police Service Officers, Investigative Aides, Community Service Officers, and Community Relation Officers), an increased number of Police academies, and / or an increase in the number of cadets in each academy.

- Fire-Rescue Priorities (Council Districts 1, 3, 4, 8, & 9)

Fire-Rescue priorities included in the memos focused on the implementation of the Citygate Working Group Five-Year Plan recommendations. The primary theme among Councilmember memos focused on increasing the number of academy members to aid in addressing attrition within the department.

- Lifeguard Priorities (Council Districts 1, 4, 6, 7, 8, & 9)

In addition to the Police and Fire-Rescue recommendations, the majority of Councilmember memos included support for various elements of Lifeguard funding. Specific recommendations for Lifeguard support include recommendations for resources for Lifeguard academies with an increase in the number of recruits to support operations , funding for vehicles, increased training, and the implementation of a Lifeguard wellness program.

Infrastructure & Deferred Capital

- Continued investments in addressing \$800+ million backlog in deferred capital and infrastructure spending (Council Districts 1, 2, 3, 4, & 5)

The City Council has invested a significant amount of time and resources in the current and previous fiscal year(s) providing capital funding and streamlining processes for departments to address the significant backlog of deferred capital in City infrastructure. A majority of Councilmember memos included continued support and funding for

providing infrastructure investment as well as providing funding for updated condition assessments for various assets and ongoing maintenance of asset management data. Additionally, support was expressed for an efficiency consultant to be engaged in FY 2014 to determine more efficient and expeditious ways in delivering infrastructure projects to save the City additional funds.

Park & Recreation / Library Hours

- Maintaining / increasing Library branch and Park & Recreation center hours. (Council Districts 1, 3, 4, & 9)

In previous fiscal years, Library branch and Park and Recreation center hours were reduced as part of a budgetary balancing measure when the General Fund was facing substantial deficits. Subsequently, operating hours were restored in both departments; however, both are below service levels provided to the citizens of San Diego prior to the balancing actions. Councilmember memos emphasized restoring hours of service for both departments within budgetary capacity.

Increased Funding For Neighborhood Services

- Community plan update funding. (Council Districts 1, 3, 4, & 8)

The need for funding community plan updates in multiple districts has been identified in Councilmember memos as a priority for facilitating land use development and growth in communities.

- Neighborhood code compliance improvements. (Council Districts 3 & 9)
- Establishing an Urban Forestry program. (Council Districts 3 & 8)

Additional requests for neighborhood funding that received support in two Councilmember memos include additional funding for neighborhood code compliance enforcement and the establishment of an urban forestry program. Councilmembers requested increased funding for neighborhood code compliance to “protect the public’s health, safety, welfare, and property value through enforcement” with proactive enforcement. Councilmembers also requested funding for the creation of an urban forestry program to provide tree trimming, maintenance, and planting, that would go beyond current service levels provided by contracted vendors.

Reforms, Efficiencies, Partnerships, and Adherence to Fiscal Policies

As requested in Council President Gloria’s call for budget priority memos, Councilmembers were asked to provide additional revenue and cost saving measures as a way to provide resources for their individual requests. This section includes ideas echoed in Councilmember priority memos for ways the City could provide services to citizens in a more efficient and effective manner. Memoranda include ideas for potential cost savings in addition to new revenue to could fund enhanced service levels or new programs and adherence to fiscal policies.

- Adhering to the City Reserve Policy – maintaining a high level of General Fund reserves. (Council Districts 2, 3, 5, & 7)

The City of San Diego Reserve Policy mandates an 8.0 percent General Fund reserve, which is to provide necessary funding in emergency situations or to provide for temporary General Fund balancing solutions. As noted in IBA report 13-12 “Review of FY 2013 Mid-Year Budget Monitoring Report”, the General Fund reserve is approximately 13.2 percent of projected FY 2013 reserves. However, based on potential State of California actions, this could be reduced to 10.8 percent of projected revenues. As noted in Councilmember memorandum and IBA report 12-37 “City of San Diego General Fund Reserve Benchmark and Review”, a significant reduction in reserves may have a negative effect on the City’s credit rating among other potential fiscal effects. Councilmember memos emphasized the need to adhere to the Reserve Policy and others emphasized the need to maintain a reserve in excess of required policy levels.

- Continued growth of marketing partnerships. (Council Districts 1, 3, 7, & 8)

The City’s Corporate Partnership Program was established as a City staff led initiative in FY 2011 after being developed by an outside contractor. The department creates new revenue through allowing City trademarks, intellectual assets, and endorsements. New revenue to the General Fund was provided by the current program through partnering with various corporations to allow branding on City vehicles and vending agreements in City facilities, among others. As discussed at the February 29, 2013 meeting of the Budget and Finance Committee, the program is forecasted to continue to grow through new efforts by staff to increase revenues, including the addition of a Grants Program Manager to create new funding efforts. Four Councilmember priority memos include support to expand this program for FY 2014.

- Purchasing & Contracting Department staffing / resources/ efficiency. (Council Districts 3, 6, & 8)

In the priority memos, support for efficiency and reform in the Purchasing and Contracting Department received support to provide other City departments increased service and quicker turnaround of critical contracts. This support included the potential addition of staff and funding for a consultant to aid in finding efficiency improvements.

- Enhanced City website functionality for business and citizens. (Council Districts 1, 3, & 6)

Improved efficiencies in City services mentioned in budget priority memos also include enhancing the functionality of the City website to provide better service to both businesses and the citizens of San Diego.

- Alternative work schedules (i.e. 4 / 10, telecommuting, etc.). (Council Districts 1 & 6)
- Continuation of managed competition program. (Council Districts 2 & 7)
- Labor Relations Officer to negotiate efficiencies identified by employees. (Council District 5 & 6)

Other items that received support among Councilmembers include exploring alternative work schedules such as a four day / ten hour work week, the continuation of new

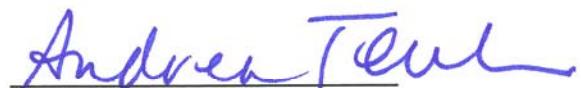
managed competition programs, and the addition of a new Labor Relations Officer to specifically aid in implementing efficiencies identified by City employees.

CONCLUSION

It is recommended that the Budget and Finance Committee review and discuss the budget priorities highlighted in this report, and forward it with any desired modification to Council for formal adoption of the FY 2014 Budget Priorities Resolution.



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Attachments: 1. Councilmember Memorandums