



THE CITY OF SAN DIEGO

OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

Date Issued: January 29, 2014

IBA Report Number: 14-03REV

City Council Docket Date: February 4, 2014

Item Number: TBD

FY 2015 City Council Budget Priorities

OVERVIEW

The Fiscal Year 2015 Budget Process Key Dates, adopted by City Council on December 10, 2013, 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 memos outlining priorities for the upcoming budget.

On January 6, 2014 Council President and Committee on Budget and Government Efficiency Chairman Todd Gloria issued a memorandum requesting all Councilmembers to submit their individual budget priorities for the FY 2015 Proposed Budget to the Office of the Independent Budget Analyst by January 17, 2014. In recent fiscal years City Councilmembers' budget priorities memoranda for the upcoming fiscal year were due to the Office of the Independent Analyst in March. In preparing the FY 2015 Budget Process Key Dates, our office consulted with Financial Management, the Interim Mayor's Office, then Interim Budget and Finance Committee Chairman, and the Council President Pro-Tem, and determined that receiving these memoranda earlier in the fiscal year will allow the administration more time to evaluate these priorities for potential inclusion in the FY 2015 Proposed Budget.

This report summarizes common themes in budget priority memos from each Councilmember. The Councilmembers' memoranda 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 each memo and they serve as the basis for the Budget Priorities Resolution.

The draft resolution was discussed by the Committee on Budget and Government Efficiency on January 29, 2014. Based on the Committee's review, input, and approval of staff recommendation to forward this resolution to full City Council, the Office of the IBA has finalized this report for a second public hearing at Council on February 4, 2014. The Priorities

Resolution will then be subsequently forwarded to the Interim Mayor for his consideration during development of the FY 2015 Proposed Budget. These Council priorities should also be considered by the new Mayor who will take office in March 2014 and be responsible for carrying out the FY 2015 budget process.

FISCAL/POLICY DISCUSSION

FY 2015 City Council Budget Priorities

City Councilmember budget priority memoranda include various budget priorities for FY 2015. We have compiled priorities that received equal to or greater than a majority of support from City Councilmembers as the priorities outlined below. However, for discussion purposes, we have also included at the end each budget priority section priorities for that specific category that received just under majority support. The number one theme amongst all priorities was to enhance public safety in the City of San Diego, with support for Police, Fire, and Lifeguard priorities. Other priorities with significant support include funding for increased neighborhood services, greater investment in infrastructure, and funding for more efficient City operations, among others.

The attachment to this report includes six Councilmember budget priority memoranda (Attachment One). This fiscal year, Council President Pro-Tem Lightner and Councilmembers Cole, Alvarez, and Emerald submitted a joint priority memorandum.

In Council President Gloria's call memorandum for priorities, it was requested that Councilmembers include specific dollar amounts for each priority contained in their memorandum. However, in developing the cohesive resolution for Councilmember priorities, we have chosen to not include specific dollar amounts in Councilmember memoranda as these amounts will continue to be refined by our office and the Financial Management Department during the development of the FY 2015 Proposed Budget. Dollar amounts listed in each priority memorandum can be found in Attachment One to this report.

Enhancing Public Safety

Public safety funding requests are items in Councilmember budget priority memoranda that provide funding for Police, Fire-Rescue, Lifeguard, and other operations.

- Police Priorities

Funding for the Police Five-Year Plan (Council Districts 1, 2, 3, 4, 5, 6, 7, 8, 9)

The unanimous priority among all Councilmembers was to increase funding for the San Diego Police Department (SDPD) Five-Year Plan (Plan). The majority of Councilmember specific requests for Plan implementation are to add funding for new sworn and civilian positions. Additional specific requests for funding of the Plan include securing funding for the Computer Aided Dispatch (CAD) system, funding for maintenance and repairs identified in the Plan, and one-time Police equipment purchases.

Funding for the Police Retention Program (Council Districts 1, 2, 4, 5, 6, 7, 8, 9)

The second Police funding priority mentioned in Councilmembers memoranda was the need to continue to address Police Officer retention in FY 2015. In FY 2014, \$2.0 million in one-time funding was provided to the SDPD to aid in addressing compensation and retention issues. Priorities included specific mentions of continuing and / or accelerating this program in addition to general support in addressing officer retention in FY 2015.

- Fire-Rescue Priorities

Funding for the Continued Implementation of the Citygate Report (Council Districts 1, 2, 3, 4, 8, 9)

The priority for the Fire-Rescue Department that received the most support was for the continued implementation of the Citygate Report recommendations. Councilmember priority memoranda supported the construction and operation of the Eastside Mission Valley, Skyline Drive, and Home Avenue fire stations. Construction on the Eastside Mission Valley fire station broke ground this month using money from Deferred Capital Bond 2A and other sources committed in FY 2013. Design and land acquisition costs for the Home Avenue and Skyline Drive permanent stations are anticipated to be fully funded by Deferred Capital Bond 3 (to be heard for City Council approval on January 27, 2014). The required support for the Eastside Mission Valley fire station in FY 2015 was specifically mentioned in the priorities, including additional personnel (12.0 FTE's) and non-personnel expenses (acquisition of a fire engine and related equipment, among others)¹.

Skyline Temporary Fire Station (Council Districts 1, 2, 4, 8, 9)

The second Fire-Rescue priority mentioned was funding for the Skyline temporary fire station. This temporary station will assist in addressing response times in certain portions of the City until the Skyline permanent station is fully funded and completed.

- Lifeguard Priorities (Council Districts 1, 4, 5, 8, 9)

The majority of Councilmembers first priority was restoring the Lifeguard headquarters to a facility solely dedicated to their use. Previously, Lifeguard services were a division of the Park and Recreation Department and space in the facility was shared between the two. Despite Lifeguard services becoming a division of the Fire-Rescue Department, the Park and Recreation Department continues to utilize a portion of their headquarters for carpentry work. Councilmembers' priority memoranda requested this space be returned for Lifeguard use. Additionally, the second priority in these same memoranda was to then subsequently utilize this space returned to Lifeguard services to expand the Boating Safety Unit to improve public safety. Both priorities were requested to be accomplished in the FY 2015 budget.

¹ Construction of the Eastside Mission Valley Station is anticipated to be complete by July 2015. The Fire-Rescue Department has confirmed that, due to this construction schedule, operating costs (personnel and non-personnel) will not be needed until FY 2016.

- Additional Enhancements of Public Safety

Additional items not receiving majority support, but receiving a significant number of mentions include the following:

- The implementation of a pro-active brush management program.
- The addition of two Park Rangers, one each for Chollas Park and the La Jolla shoreline.

Funding For Community Services

Funding for community services includes a broad array of priorities including services directly provided to citizens of the City, including underserved populations, and other items that can be experienced by residents throughout San Diego.

- Increasing Hours for Both the Central and Branch Libraries (Council Districts 1, 3, 4, 8, 9)

In previous fiscal years, branch library hours were reduced as part of a budgetary balancing measure when the General Fund was facing substantial deficits. In subsequent budgets, operating hours were restored in branch libraries and hours expanded at the Central Library. A majority of Councilmember memoranda requested further expansion of branch library and Central Library hours from 44 hours per week to 48 hours and from 49 hours per week to 52 hours, respectively.

- Continuation and Expansion of Funding For Homeless Services (Council Districts 1, 3, 4, 8, 9)

A majority of Councilmember budget priority memoranda included funding for the continuation and expansion of funding for services that assist the homeless population. The specific services mentioned in these memoranda include the enhancement of the single adult and veteran winter shelters, the establishment of a Homeless Information Management System, expansion of funding for the Serial Inebriate Program, enhancement of both the Police Department's Homeless Outreach Team and Neil Good Day Center, funding for the continuation of the homeless transitional storage facility, and provide gap funding for Connections Housing Downtown.

- Establishment of Urban Forestry Program and Citywide Tree Maintenance (Council Districts 1, 3, 4, 8, 9)

Additional requests for neighborhood funding that received support in a majority of Councilmember memoranda include funding for the establishment of an Urban Forestry Program, including the addition of an Urban Forestry Coordinator position, in addition to Citywide tree maintenance.

- Additional community service funding priorities

Additional items not receiving majority support, but receiving a significant number of mentions include the following:

- Funding for a coastal management plan to be developed by consultants to address the proliferation of marine mammals and birds along the coast (particularly La Jolla Cove)
- Addressing the accumulated bird guano and associated odor along the bluffs of La Jolla Cove
- Addition of personnel and non-personnel expenses for new Park & Recreation facilities anticipated to open in FY 2015 (as outlined on page 3 of Council Districts 1, 4, 8, 9 priority memorandum)
- Funding to support youth services & education related development, including Connect2Careers Hire-a-Youth program and the San Diego Workforce Partnership

Infrastructure & Deferred Capital

Infrastructure and deferred capital items are Councilmember priorities to continue to address the \$800+ million backlog in deferred capital and infrastructure spending and / or to provide increased maintenance and repair to assist in reducing future deferred capital needs.

- Address Critical Sidewalk Repair Needs (Council Districts 1, 4, 5, 8, 9)

City staff estimates that the deferred maintenance and repair backlog just for lifted/raised sidewalks, for example sidewalk segments pushed up by tree roots, to be valued at \$5 million. In the FY 2014 Adopted Budget, approximately \$1.0 million in funding was provided for a sidewalk condition assessment. This assessment was to inventory existing sidewalks, identify missing sidewalk locations, map both existing and missing sidewalks with GIS, and to assess their overall condition using an Overall Condition Index similar to the index used for streets. City staff anticipates that this assessment will be completed by January 2015. Priorities for City Council Districts 1, 4, 8, 9 included requested funding of \$2.0 million for the construction of sidewalks determined by this condition assessment to be most critical for public safety. The Councilmember for District 5 identified the priority to increase funding of the City's 50/50 program to address immediate sidewalk hazards identified by the condition assessment. This program evenly shares the cost of sidewalk repairs with homeowners that are responsible for damage caused by tree roots, heavy vehicle traffic, or drainage from the private property. In 2014, the Infrastructure Committee plans to assess the City's existing sidewalk policy to determine what changes, if any, will be needed.

- Additional infrastructure and deferred capital funding priorities

Additional items not receiving majority support, but still receiving a significant number of mentions include the following:

- Completion of resurfacing for approximately six miles of streets identified as critical priorities in the street condition assessment
- Installation of approximately 100 street lights Citywide in areas with the most urgent public safety need
- Additional funding required for the completion of three separate Ocean View Hills “shovel-ready” park projects that may be reimbursed by Facilities Benefit Assessments
- Funding for Wightman Street Neighborhood Park

Operational & Policy Funding Priorities

Operational and policy funding requests listed in Councilmember priority memoranda include the addition of personnel and / or non-personnel expenses that would seek to improve internal City operations or enforce ordinances previously passed by City Council. Funding for these priorities would seek to improve specific services delivered to citizens.

- Creation of a Chief Data Officer (Council Districts 1, 2, 4, 5, 8, 9)

The priority for the creation of a Chief Data Officer position was included in a majority of Councilmember memoranda. This position is envisioned to handle a variety of tasks including leading the establishment and continued operation of an open data program, which would increase transparency and access to City information.

- Improving the City’s Website (Council District 1, 2, 3, 4, 5, 6, 8, 9)

Included in Councilmember memoranda was the need for greater ease in navigating the City’s website and for increased on-line services to aid in business growth (potential to be implemented in combination with the Chief Data Officer and the open data initiative).

- One Program Manager Position for the Climate Action Plan (Council Districts 1, 3, 4, 8, 9)

The City’s current Climate Action Plan (CAP) was developed in 2004 to supplement the City’s General Plan to aid in addressing long-range climate change and reduce greenhouse gases from power generation, transportation, and waste while improving the local economy. In October 2010, the Environmental and Economic Sustainability Task Force (EESTF) was created by City Council to update the CAP; however, an updated plan has yet to be finalized. Currently, the Interim Mayor’s Office is developing a new CAP in coordination with the EESTF and will subsequently be presented to stakeholders and the Committee on the Environment. The development of this plan will drive significant long-range change for the City and the majority of Councilmember priority memoranda included requested funding for one Program Manager position to move the plan forward and track its progress and success.

- 2.0 FTE's for Increased Compliance Monitoring of the Living Wage Ordinance (Council Districts 1, 3, 4, 8, 9)

At the January 15, 2014 meeting of the Committee on Economic Development and Intergovernmental Relations, the Purchasing and Contracting Department presented proposed updates to the City's Living Wage Ordinance. These proposed changes included cleanup and clarification of ordinance language, changes to strengthen the enforcement of the ordinance, and the request to add 2.0 FTE's for greater administration capabilities. Councilmember memoranda included the priority to fund the addition of a Program Manager and Senior Management Analyst to increase total staffing to 4.0 FTE's for administration of the Living Wage Ordinance.

- Additional operational and policy funding priorities

Additional items not receiving majority support, but receiving a significant number of mentions include the following:

- Funding for City Clerk enhancements
- Addition of 8.0 FTE's in the Personnel Department to aid in improving the civil service hiring process and reducing the time to fill existing vacancies in City departments
- The FY 2015 portions of the Government Operations Plan as approved by City Council on October 28, 2013
- Addressing other critical Department of Information Technology items, including capital lease reduction and public safety communication equipment, among others
- Addition of 1.5 FTE's to aid in the formation and operation of a City Charter Review Committee (1.0 FTE Office of the Independent Budget Analyst & 0.5 FTE for Administration)
- Implementation of the Neighborhood Parking Protection Ordinance
- Addition of 6.0 FTE's in the Purchasing and Contracting Department for monitoring and enforcement of the Prevailing Wage Ordinance
- Increased funding for Property Value Protection Ordinance

Revenue Options

This section includes ideas echoed in Councilmember priority memoranda for additional revenue to offset a portion of the costs of proposed new expenditures.

- Residual Property Tax Trust Fund Revenue (Council Districts 1, 4, 5, 8, 9)

In the FY 2015-2019 Five-Year Financial Outlook, no revenue was included in the FY 2015 General Fund revenue projection for Residual Property Tax Trust Fund (RPTTF) revenue due to the Redevelopment Agency dissolution. However, the Office of the IBA in their review of the Five-Year Outlook included a revised projection of \$5.0 million in RPTTF revenue. In Council District 1/4/8/9 priority memorandum, it was proposed to include a \$6.5 million RPTTF revenue projection in the FY 2015 budget. In the Council

District 5 priority memorandum, it was proposed that this revenue distribution (in addition to any additional revenues received due to the dissolution of the Redevelopment Agency) be reinvested in neighborhood infrastructure like libraries, fire stations, and parks, as well as economic development purposes.

- Additional revenue options included in priority memoranda

Additional items not receiving majority support, but receiving a significant number of mentions include the following:

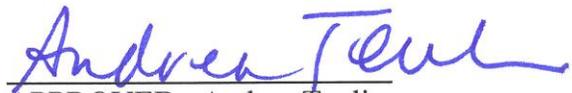
- Increasing the FY 2014 property tax revenue projection based on current receipts and revenue trends, which subsequently increases the FY 2015 projection
- Adjust the FY 2015 property tax revenue growth rate from 3.5 percent (as included in the FY 2015-2019 Five-Year Financial Outlook) to 4.0 percent
- Adjust the FY 2015 sales tax revenue growth rate from 4.5 percent (as included in the FY 2015-2019 Five-Year Financial Outlook) to 5.0 percent
- As illustrated for potential use of excess General Fund reserves in the Office of the IBA review of the Five-Year Financial Outlook and as previously presented by the San Diego Municipal Employees Association, transfer excess reserves to the worker's compensation fund and create potential future fiscal year savings for General Fund

CONCLUSION

It is recommended that the City Council review, discuss, modify the priorities highlighted in this report as they may see fit, and subsequently formally adopt the resolution. This finalized priorities resolution will then be forwarded to the Interim Mayor by the Office of the Independent Budget Analyst to officially communicate the City Council's FY 2015 Budget Priorities.



Seth Gates
Fiscal & Policy Analyst



APPROVED: Andrea Tevlin
Independent Budget Analyst

Attachments: 1. Councilmember Memoranda