



THE CITY OF SAN DIEGO

OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

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Review of the FY 2018 First Quarter Budget Monitoring Report

OVERVIEW

The Financial Management Department (FM) issued the Fiscal Year 2018 First Quarter Budget Monitoring Report (First Quarter Report) on October 24, 2017. The First Quarter Report describes the current status of major General Fund revenues and their year-end projections based on actual (unaudited) data from July 2017 through September 2017; provides a brief overview of Fire-Rescue, Police, and Transportation & Storm Water departments' overtime expenditures; provides a number of program updates; updates General Fund and Risk Management Reserves projections; and provides a year-end estimate for fund balance (Excess Equity). Year-end projections for department expenditures are not included in the First Quarter Report, but FM will be providing an update on projected year-end department expenditures in the FY 2018 Mid-Year Budget Monitoring Report (Mid-Year Report).

Major General Fund revenue projections, reserve projections, and the Excess Equity estimate included in the First Quarter Report inform the projections included in the FY 2019-2023 Five-Year Financial Outlook (Outlook), and our Office analyzes those projections as part of our review of the Outlook in IBA Report 17-39. Therefore, for our review of the First Quarter Report, we focus on the report's program updates—providing additional information for some items in the First Quarter Report such as police recruitment and retention, and new information on items that are not included in the First Quarter Report. We will follow-up on these items as part of our review of the Mid-Year Report, and provide further updates at that time, if available.

FIRST QUARTER REPORT: ADDITIONAL PROGRAM UPDATES

The First Quarter Report provides updates on some of the projects, programs, and services that received additional funding in the FY 2018 Adopted Budget, as well as other items of interest. In the sections below, our Office provides additional information on a number of Public Safety programs and initiatives, including those provided by the City Attorney's Office, the Police Department, and in support of the City's response to the Hepatitis A outbreak and the homelessness crisis.

City Attorney's Office

Funding for Homelessness and Climate Action Plan

The FY 2018 Adopted Budget included \$500,000 in one-time funding for uses in support of Mayor and City Council priorities such as homelessness issues, Climate Action Plan initiatives, and labor issues. The City Attorney's Office indicates that the added funding is being used to offset supplemental Deputy City Attorney positions as well as provisional positions to support the policy priorities listed above.

Office Position Additions

The FY 2018 Adopted Budget added 1.00 Program Manager for the San Diego Misdemeanants At-Risk Track (SMART) program, 2.00 Deputy City Attorneys for the domestic violence unit, and 1.00 Deputy City Attorney for the neighborhood prosecution unit. The City Attorney's Office indicates that all four positions have been filled.

Hepatitis A Response

On September 1, 2017, the County of San Diego declared a local public health emergency due to the Hepatitis A outbreak. Since the emergency was declared, the City has taken a number of steps to help address the outbreak, including vaccination, sanitation, and education efforts. The First Quarter Report includes a brief update about one related activity: the emergency contract for sanitation services (the bleaching of streets and sidewalks).

In addition to the sanitation services discussed in the First Quarter Report and the safe campground and temporary shelters discussed in the Homelessness section of this report, the following are some costs incurred by the City related to Hepatitis A that could impact the General Fund this fiscal year:¹

- **Contract for armed security to monitor portable restrooms.** On October 9, 2017, the City Council ratified a contract with Allstate Security Services for a not-to-exceed amount of \$80,000 (from the General Fund) for 60 days, and has the option to extend for a period of one year in an amount not to exceed \$933,600.

¹This is not intended to be an exhaustive list, but is provided to highlight the various activities the City has engaged in related to Hepatitis A.

- **Expanded access to restrooms.** In September, portable restrooms were installed and operating hours for existing restroom facilities in Balboa Park were expanded to 24 hours a day, seven days a week.
- **Additional Waste Abatement Efforts.** The Environmental Services Department has expanded its waste abatement efforts to aide in the City’s sanitation efforts. Related costs include the expense of personal protective equipment and supplies for City staff involved in these efforts.
- **Partnership between American Medical Response (AMR) and the City** to allow firefighters and paramedics to administer Hepatitis A vaccines to at-risk populations.
- **Other Department Expenses.** The Five-Year Outlook includes, as a critical strategic expenditure, approximately \$2.0 million in additional expenditures² for departments to respond to Hepatitis A in FY 2019. Although these projections could change, we expect that similar expenses are already being incurred in FY 2018.

Due to the emergency nature of this work, these expenditures were not included in the FY 2018 Adopted Budget. We note that the City is tracking these costs, and should have a better idea of the fiscal impact for this year when the Mid-Year Report is released. As FM noted in the First Quarter Report, the Mid-Year Report could also include a recommendation for use of Excess Equity for the City’s Hepatitis A response.

Homelessness

The First Quarter Report provides information about the \$1.1 million included in the FY 2018 adopted budget for the Homeless Prevention and Diversion Program that is operated by the San Diego Housing Commission (Housing Commission). The Report also includes programmatic updates for two homelessness initiatives:

1. The Safe Campground at 20th and B
2. The Safe Parking Program

The safe campground opened on October 9, 2017 and is expected to close in December once the three Temporary Bridge Shelter Programs have opened. The City contracted with Alpha Project for a not-to-exceed amount of \$500,000 for the management of the campsite. Residents have been provided with tents, sleeping bags, pillows, mats, and access to a range of facilities and services.

Also in October 2017, the City worked with two service providers—Jewish Family Services and Dreams for Change—to expand one safe parking location, and open another in order to increase the number of parking spaces where individuals and families experiencing homelessness can safely park overnight. These locations provide restrooms and showers, as well as access points to case management, housing navigation, and a range of services. The contract for the safe parking program is still being finalized, but the First Quarter Report notes the estimated costs for the program are \$340,000 annually. The Mid-Year Report should include additional information about costs related to both the safe campground, and the safe parking program.

² Department expenditures in the Five-Year Financial Outlook include: \$960,000 for Quality of Life team staffing (Police); \$600,000 for human waste disposal services (Transportation & Storm Water); \$360,000 for personal protective equipment and supplies (Citywide); and \$47,000 for additional janitorial service needs (Library).

Looking forward, we note that there are additional costs related to the Temporary Bridge Shelter Programs that could impact the General Fund this fiscal year. These include:

- **Purchase of the sprung tent structure for the Father Joe's Villages (FJV) site at 14th and Commercial.** The ratification of this contract was approved by the City Council on December 5. The contract includes a not-to-exceed amount of \$264,000 from the General Fund (Citywide Program Expenditures Department) for the purchase of the structure.
- **Set up of the FJV tent.** The ratification of this contract was also heard by the City Council on December 5. The staff report includes a not-to-exceed total of \$626,000, which is comprised of \$545,000 for installation of the tent and an additional \$82,000 contingency. The funding is proposed to come from the General Fund (Citywide Program Expenditures Department).
- **“Site readiness” costs.** The draft Memorandum of Understanding (MOU) between the City and Housing Commission notes eight items that the City is responsible for, including (but not limited to): installing fence perimeters around the sites; providing site security prior to the start of the programs; obtaining utility hook ups; and obtaining and installing toilets, office trailers, shower facilities, wash stations, storage for clients, portable toilets and/or modular restrooms.
- **“Ongoing Obligations” costs.** The draft MOU further notes the City will maintain a fence perimeter around each of the sites for the duration of the programs.

Police Department

AB 953 Implementation

The FY 2018 Adopted Budget included the addition of \$200,000 in Police Department expenditures to support AB 953 (Racial and Identity Profiling Act) implementation. The Department has indicated that this funding has not yet been expended due to the fact that State data collection requirements were recently approved on November 15, 2017. The Department is currently evaluating technology options to ensure full compliance with AB 953 requirements.

Police Officer Recruitment and Retention Items

The FY 2018 Adopted Budget included funding for three separate initiatives related to the City’s police officer recruitment and retention efforts, all of which were budgeted in the Citywide Program Expenditures Department. These items included \$100,000 for a compensation survey, \$150,000 for a police recruitment and retention study, and \$350,000 for a police recruitment marketing plan. A memo from FM indicated that the compensation survey and recruitment and retention study were both performed by the same consultant as part of one expanded contract and that the reports were completed on October 31, 2017. Out of a total \$250,000 budgeted for the studies, \$31,200 was expended. Savings of \$218,800 will be discussed in the Mid-Year Report. With regard to the marketing plan, the Police Department indicates that a consultant contract has been executed for \$44,500 using San Diego Police Foundation funds. The \$350,000 budgeted for the marketing plan remains available for use by the Department to implement the consultant’s recommendations. The Police Department will meet with the consultant in late December to determine the best use of the funds.

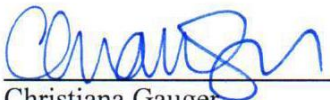
Sexual Assault Kit Testing

The FY 2018 Adopted Budget included the addition of \$500,000 in Police Department expenditures for sexual assault kit testing. The Department indicates that no related expenditures have been made, but it plans to use the funds for: the purchase of equipment to speed up kit testing; for supplies to support an increased workload; and to provide overtime funding for testing kits and researching cases to determine suitability for profiles to be loaded into the FBI's CODIS criminal justice DNA database.

CONCLUSION

The First Quarter Report provides an overview of projected FY 2018 major General Fund revenues, a review of select departments' overtime expenditures, General Fund and Risk Management reserves, an estimate of Excess Equity at year-end, and updates on select programs and initiatives. As noted earlier, major General Fund revenue projections, reserve projections, and the Excess Equity estimate included in the First Quarter Report inform the projections included in the Outlook, and our Office analyzed those projections in IBA Report 17-39. In this report we focused on the First Quarter Report program updates, and provided additional or new information on a number of Public Safety programs and initiatives, including those provided by the City Attorney's Office, the Police Department, and in support of the City's response to the Hepatitis A outbreak and the homelessness crisis.


Our Office will provide additional updates on these items as part of our review of the Mid-Year Report, expected to be released on January 29, 2018.



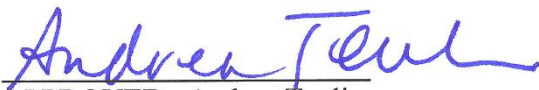
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