




**COUNCILMEMBER TODD GLORIA
CITY OF SAN DIEGO**

M E M O R A N D U M

DATE: January 22, 2016

TO: Honorable Councilmembers

FROM: Councilmember Todd Gloria 
Chair, Budget & Government Efficiency Committee

SUBJECT: 2016 Budget & Government Efficiency Committee Work Plan

I am honored to lead the City Council's Budget & Government Efficiency (Budget) Committee for the sixth consecutive year, and look forward to discussing a wide range of significant policy issues in 2016.

Rule 6.1.3 of the Permanent Rules of Council states that "each standing committee shall develop an annual work plan" to include the committee's priorities and a mission statement. The mission of the Budget Committee is to promote and enhance collaboration, transparency and public participation in the budget development process and examine and implement policies that enhance government efficiency and innovation.

I have received input and priorities from many of you about topics you would like discussed in the upcoming year, and have integrated many of these suggestions with my priorities below and indicated the anticipated timeline for hearing each item:

Annual Budget, Financial Policies and Reports

- Review Budget Priorities Resolution (January 2016)
- Review FY 2016 Mid-Year Budget Monitoring Report and recommended budgetary actions (February 2016)
- Review detailed budget presentations during the annual budget hearings City departments and outside agencies (May 2016)
- Review FY 2016 Proposed Budget May Revision (May 2016)
- Review of FY 2016 Year-End Budget Monitoring Report (May 2016)
- Review FY 2016 Proposed Statement of Budgetary Principles (June 2016)
- Review FY 2016 Appropriation Ordinance (July 2016)
- Review of FY 2016 Year-End Performance Report (October 2016)
- Review of FY 2018 Budget Development Calendar (October 2016)
- Review FY 2017 First Quarter Budget Monitoring Report (November 2016)
- Review FY 2018 – FY 2022 Five Year Financial Outlook (November 2016)
- Provide ongoing legislative oversight to ensure that new programs and services, as well as position adds and restorations are fulfilled and implemented as budgeted (ongoing)
- Identify continued enhancements to the budget development process to invite more public input and make the entire budget process more participatory (ongoing)

- Review Charter Section 39 Financial Performance Reports (quarterly)
- Receive status updates and continue to examine of the San Diego Convention Center Corporation's plan to restore operating reserves and fund \$30 million in deferred capital and maintenance expenses, including oversight of the current Infrastructure Bank application (January 2016 and bi-annually)
- Identify policy for prioritizing use of FY 2017 Redevelopment Property Tax Trust Funds (RPTTF) to ensure economic revitalization and job creation (to be determined)

Fees/ Revenues/Financing Mechanisms

- Continue to monitor recently implemented cash management reforms, including a progress report on excess TransNet and other special fund balances (January 2016 and quarterly);
- Continue to identify additional cost savings measures and alternative revenue sources through in depth review of contracts, financing mechanisms and corporate partnership opportunities;
- Review bond authorization for 2016 Water Revenue Bonds (January 2016)
- Review 2016 refunding and new money issuance for Community Facilities District No. 4, Black Mountain Ranch Villages (January 2016)
- Review Development Services Department fee schedule update and report on delinquent accounts (Q1 2016)
- Review and update Council Policies for Gas Tax, Capital Outlay and TransNet (Q2 2016)
- Continue to monitor Citywide fees to ensure full cost recovery for City departments (ongoing)

Performance Measures and Analytics

- Receive regular updates on the City Strategic Plan and review performance indicators for the FY 2017 proposed budget (Q2 2016)
- Review report on results of Resident Satisfaction Survey (Q1 2016)

Managed Competition

- Receive regular updates and provide oversight of the new San Diego Works initiative to ensure proper implementation of the cost-savings and operational streamlining ideas that have been proposed by City employees (bi-annually)
- Monitor implementation of recommendations laid out in the Huron Report to streamline ongoing operations and achieve cost savings (February 2016 and ongoing)

Purchasing and Contracting

- Monitor performance measures for changes to Purchasing & Contracting Department processes, and provide oversight of purchasing practices to identify efficiencies and areas for cost savings and for contract oversight as recommended in the Huron Report (quarterly)
- Discuss the criteria and conditions under which sole source contracts can be entered into by the City and make any needed adjustments to the current policy to ensure that the City always benefits from a competitive process when possible (to be determined)

Equal Opportunity Contracting

- Continue to monitor the Equal Opportunity Contracting (EOC) Program to ensure that the City is holistically encouraging greater availability, capacity development and contract and subcontract participation by small, local and disadvantaged businesses in City contracts, and to ensure that the City is taking the steps necessary to bring more contractors into compliance with the City's EOC requirements (quarterly)
- Advocate for and identify alternative funding sources to commission a disparity study specific to the San Diego marketplace in order to improve EOC program goals and adopt a race and/or gender conscious preference program to remedy any perceived discrimination (ongoing)

Prevailing Wage and Living Wage

- Conduct annual review and evaluation of the Living Wage and Prevailing Wage Ordinances to ensure that these important City policies are current, effective, necessary and compliant, and to identify areas for improvement in the administration and monitoring of these policies.

Information Technology

- Receive status report regarding the update of the City's website (Q1 2016)
- Continue to review the City's computer systems and software transitions through SAP, and receive status updates on how the City is transitioning away from legacy systems (ongoing)

Personnel/Civil Services/Human Resources Issues

- Continue to review the civil service hiring process, including monitoring of the Personnel Department's process improvements and related performance metrics, including hiring reports and the status of vacancies (Q1 2016 and Q3 2016)
- Discuss hiring process with other key departments to accomplish collective solutions to city-wide hiring challenges (ongoing)

Corporate Partnerships and Development

- Continue to explore innovative ways and revisit existing codes and policies in order to encourage the private industry to partner with the City and expand its Corporate Partnerships Program (ongoing)
- Receive regular updates regarding the status of existing Corporate Partnership Agreements (bi-annually)

Fleet Services

- Review regular reports from the Fleet Division regarding the status of the Fleet Services Division operations and ensure that progress continues to be made toward adequate staffing, restoring vehicle available to allow important City services to function, and implementing recommendations in the Huron Report (January 2016 and Q3 2016)
- Receive update on and monitor spending within Master Lease Agreement for various equipment and fleet purchases (January 2016 and Q3 2016)

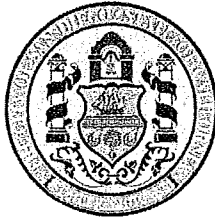
Risk Management

- Provide continued oversight of this department to effectively prevent, control and minimize the City's financial risk.
- Continue to oversee provision of healthcare and benefits to City employees to ensure we are administering optimal coverage while providing the best value to the City.

I look forward to working in partnership with Committee Members, the Independent Budget Analyst, the City Attorney's Office and the Mayor's Office in 2016 to make continued progress on these priorities and to achieve efficiencies and reforms that enhance the organization and improve City functions.

TG:jl

cc: Honorable Mayor Kevin Faulconer
Honorable City Attorney Jan Goldsmith
Scott Chadwick, Chief Operating Officer
Mary Lewis, Chief Financial Officer
Andrea Tevlin, Independent Budget Analyst



**COUNCILMEMBER MYRTLE COLE
FOURTH COUNCIL DISTRICT**

M E M O R A N D U M

DATE: January 20, 2016

TO: Councilmember Todd Gloria

FROM: Councilmember Myrtle Cole, Fourth Council District *Myrtle Cole*

SUBJECT: Budget and Government Efficiency Committee Priorities for 2016

I look forward to continuing my role as a member of the Budget and Government Efficiency Committee. In addition to the priorities I've identified for the FY2016 mid-year and the FY2017 City budgets, I would like to see the Committee address the following this calendar year:

Annual Budget

The Committee should provide ongoing legislative oversight, specifically to ensure that the new programs and services, as well as position additions/restorations are fulfilled and implemented as budgeted.

Use of Redevelopment Property Tax Trust Fund (RPTTF) to Ensure Economic Revitalization and Job Creation

The IBA's December 8, 2015 report of the Five-Year Outlook noted that the adjusted residual RPTTF revenue over the next five years will increase from \$9.3M to \$23.7M, for a total of \$107.5M. The \$9.3M in RPTTF anticipated in FY17 should be used to fund CIP projects in the economically disadvantaged areas previously designated as redevelopment areas. Using this revenue going forward to invest in San Diego's economically disadvantaged communities, as originally intended will allow areas in the greatest need of economic investment an opportunity to attract new commercial activity, which in turn would create new jobs and greater tax revenue for the City's general fund. I would ask that the Committee develop a policy to ensure that RPTTF funds are allocated to CIP projects or incentive programs that impact economically disadvantaged areas. The prioritized investment of these RPTTF funds should supplement, not replace, funding identified in the Mayor's Five-Year Outlook.

San Diego Works

The Committee should seek regular updates and provide oversight to ensure the proper implementation of the cost-savings and operational streamlining ideas that have been proposed by City employees through the San Diego Works Program.

Equal Opportunity Contracting (EOC) Improvements/City of San Diego Disparity Study

The City's EOC Program is intended to ensure diversity and to safeguard against discrimination in City contracts. Its purpose is to ensure fairness in the expenditure of taxpayer dollars. In order for the City to improve its EOC program goals and in order to adopt a race or gender-conscious preference program to remedy any perceived discrimination, the City must first commission a disparity study specific to the San Diego marketplace. I request that the Committee advocate for adequate funding for the completion of the Disparity Study.

Management of City Office Space

The Committee should continue to oversee the inventory of all City office space. Additionally, it must ensure that all City office space leases are current, provide the best value to taxpayers, and ensure that space is sufficient and efficient for the City workforce.

Human Resources | Equal Employment Opportunity | Personnel | Civic Service

Each year, the City reaffirms its commitment to the principles of Equal Employment Opportunity (EEO) and to work in an environment free of discrimination, harassment, and retaliation.

The Committee should ensure that the principles of fair and equal treatment are understood, respected, and practiced throughout the organization. Specifically, it should review policies and procedures related to the selection and promotions of all classified employees, specifically within the Police Department. As we grapple with retention issues in the Police Department, the promotion process is also something that I'd like revisited and evaluated. If we expect our officers to commit to our City, we need our officers to know there is a fair process to promote within the ranks. I believe this is what will help diversify the police force as well.

Additionally, the Committee should ensure that regular updates are provided regarding the status of vacancies throughout the City.

Expand Corporate Partnerships

The Committee should seek to expand its Corporate Partnerships. According to the Department's website, the Program has generated over \$18 million for the City through past and current partnerships with companies and organizations. The Committee should receive regular updates regarding the status of each agreement and the potential for new partnerships.

Thank you for the opportunity to share my priorities.

MC:pi

cc: Andrea Tevlin, Independent Budget Analyst



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JAN 20 2016

OFFICE OF
COUNCILMEMBER TODD GLORIA

CITY OF SAN DIEGO
COUNCIL PRESIDENT SHERRI S. LIGHTNER
DISTRICT ONE

MEMORANDUM

DATE: January 20, 2016
TO: Councilmember Todd Gloria
FROM: Council President Sherri S. Lightner
SUBJECT: Budget Committee Priorities for 2016

The following are my priorities for the 2016 Budget and Government Efficiency Committee:

- Review of the City's computer systems and software, and how the City is transitioning away from legacy systems
- SD Works evaluation and impact report
- Detailed budget presentations during the annual budget hearings from Civic San Diego and the San Diego Convention Center Corporation

In addition, I respectfully request continued informational reports on the following programs and issues:

- Performance and Analytics Department's Strategic Plan
- Tourism Marketing District's performance
- Personnel hiring reports
- Continued reporting on process improvements in the Personnel Department
- Progress report on Equal Employment Opportunity Contracting (EEOC) and steps the City is taking to bring more contractors into compliance with the City's EEOC requirements
- EEOC progress report on repeat contractors, showing what progress they've made in complying with their equal opportunity plans
- Continue monitoring City fees, to ensure full cost recovery for City departments

If you have any questions, please contact my office at (619) 236-6611.

SL:blm

cc: Honorable Councilmembers
Andrea Tevlin, Independent Budget Analyst
Jessica Lawrence, Budget and Government Efficiency Committee Consultant



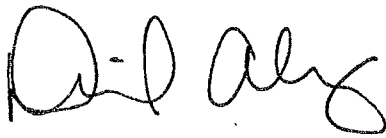
COUNCILMEMBER DAVID ALVAREZ

**City of San Diego
Council District Eight**

MEMORANDUM

DATE: January 21, 2016

TO: Councilmember Todd Gloria, Chair, Budget & Government Efficiency Committee

FROM: Councilmember David Alvarez 

SUBJECT: 2016 Budget & Government Efficiency Committee Priorities

In response to your memorandum of January 4, 2016 soliciting priorities for the Budget & Government Efficiency Committee, I urge your careful consideration of the following:

Equal Opportunity Contracting (EOC) Improvements/City of San Diego Disparity Study:

The City's EOC Program is intended to ensure diversity and to safeguard against discrimination in City contracts. Its purpose is to ensure fairness in the expenditure of taxpayer dollars. In order for the City to improve its EOC program goals and in order to adopt a race or gender-conscious preference program to remedy any perceived discrimination, the City must first commission a disparity study specific to the San Diego marketplace. The Committee should discuss the need for a study and work with staff to commission one in 2016.

Review of City policies regarding sole source contracts:

Issuance of sole source contracts should be only be done under circumstances that demand swift action, such as an emergency, or when the scope of a contract is so limited only one entity could fulfill the contractual obligations. The Committee should discuss the criteria and conditions under which sole source contracts can be entered into by the city and make any needed adjustments to the current policy to ensure that the city always benefits from a competitive process when possible.

Use of RPTTF funds in economically distressed areas:

The Committee should discuss the most appropriate use of RPTTF funds for FY17 and beyond. A FY17 budget recommendation should be made and forwarded to the Mayor and full City Council on how this funding should be utilized this year, in conjunction with any action taken by the Economic Development and Intergovernmental Relations Committee on this issue.

Updates regarding the following issues:

- Tourism Marketing District
- Citywide vacancies and positions filled per FY16 budget
- Convention Center Corporation budget and CIP program
- SDCERS actuarial reports and system earnings update




**COUNCILMEMBER CHRIS CATE
CITY OF SAN DIEGO
SIXTH DISTRICT**

M E M O R A N D U M

DATE: January 22, 2016

TO: Councilmember Gloria, Chair, Budget and Government Efficiency Committee

FROM: Councilmember Chris Cate 

SUBJECT: 2016 Budget and Government Efficiency Committee Priorities

It is my pleasure to submit my 2016 priorities for the Budget and Government Efficiency Committee. I look forward to partnering with my Council colleagues to ensure the City operates in a manner that is transparent, efficient, and effective.

Reinstitute a Mentor Protégé Program

Originally established in 1999, the Mentor Protégé Program was developed to provide assistance and guidance to small firms seeking to do business with the City. By working with industry stakeholder groups, mentors and protégés were paired to form relationships as a means to successfully navigate through the City bidding process. The program dissipated in recent years due to a lack of staffing and resources. The committee should work with the Economic Development Department and Purchasing and Contracting to revisit this program and consider its restoration.

Present Results of the Zero-Base Budgeting Pilot Program

In preparation for the new fiscal year, individual City departments use the current year's budget as a baseline for any variances in the upcoming year. Though mid-year budget adjustments are made to self-correct based upon trends and projections throughout the remaining budget year, variances still often exist within departments. Under the Zero-Base Budgeting model, the department would commence with a zero-dollar baseline to evaluate all programs planned for the upcoming year and determine the costs necessary to support them. Financial Management is currently conducting a Zero-Base pilot program with several City departments. In an effort to develop a transparent, smart and results-oriented budget process, the Committee should review the results of the pilot program and consider new departments to undergo the Zero-Base Budgeting process.

Update on the Implementation of the Police Department's Five-Year Plan and Police Officer Recruitment and Retention Plan

In order for the San Diego Police Department (SDPD) to reach their sworn staffing goal of 2,128 officers by Fiscal Year 2018 (FY18), as outlined in the Five-Year Plan, SDPD must hire more officers than it loses to attrition each year. In March 2015, the City Council approved a new contract for San

Diego Police officers. The terms of the contract increased pay and offered additional benefits to officers in order to help reduce attrition rates as well as increase the recruitment of officers. In the first seven months of FY16, data shows that we are losing officers at a rate of 13 per month, which is the same attrition rate in FY15 prior to the implementation of the new contract. The Committee should receive an updated report on the attrition rates and request that further evaluation be done to identify additional ways to address officer staffing issues. In addition, with many members of the police force at or near retirement age, the Committee should evaluate how we can better recruit experienced police officers from other departments to ensure an experience gap is avoided.

Enhance and Continue the Managed Competition Process

An initiative approved by San Diego voters in 2006, Managed Competition provides the City with a valuable tool in ensuring taxpayer dollars are maximized. Now generating nearly \$9 million in annual savings, this program has demonstrated its value. Nevertheless, the true potential of this program has yet to be realized. The Committee should work collaboratively with the Mayor's office and stakeholders to review additional competitions to provide further savings to taxpayers.

Continue Identifying and Implementing Hiring Efficiencies

As the City continues making significant investments to address its infrastructure and deferred maintenance backlog, the Committee should continue working with the Personnel Department to effectively and efficiently identify improvements in streamlining the hiring process. The Department received six recommendations from the City Auditor. It is imperative that the Committee maintain an open dialogues with the Department to ensure the recommendations are implemented while offering any necessary assistance and resources.

Consider Review of Biennial Budget

The Committee should work with Financial Management to bring forward an informational presentation on the viability of transitioning to a biennial budget process. The current budget development process takes nearly three-quarters of the calendar year to allow sufficient time for the submission of priorities, drafting of the budget document, and final approval. A biennial budget would grant the City more time to better plan and monitor the effectiveness of City programs during non-budget years while providing flexibility in making budgetary adjustments when necessary.

Consider Enhanced Community Engagement During the Annual Budget Process

Input from San Diego residents and business owners is vital to the development of an annual operating budget that is reflective of the community's needs. To facilitate the solicitation of information from the public, the Committee should consider hosting budget meetings in the community. One meeting should occur both before and after adoption of the budget in order to effectively engage the community and distribute the contents of the budget. The location of the meetings may be left to the discretion of the Committee.

CC:ic

cc: Mayor Kevin L. Faulconer
Honorable Committee Members



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JAN 22 2016

OFFICE OF
COUNCILMEMBER TODD GLORIA

City of San Diego
Councilmember Scott Sherman
Seventh District

MEMORANDUM

DATE: January 20, 2016
TO: Councilmember Todd Gloria, Budget Committee Chair
FROM: Councilmember Scott Sherman
RE: 2016 Budget and Government Efficiency Committee Priorities

In response to your memo dated January 4, 2016, the following are my priorities for the upcoming year for the Budget and Government Efficiency Committee.

Zero Based Budgeting

Zero-base budgeting provides a data-driven, transparent approach to budgeting. An integral part of zero-base budgeting is establishing concrete service level standards. Currently, the City is in the process of revising departmental strategic plans, which includes updating performance measures as well as completing several condition assessments with the goal of not only evaluating the current status of the City's infrastructure needs, but creating target service level standards. With the efforts currently underway to streamline existing City departments, the implementation of a zero-base budget will provide further benefit in the creation of these performance measures and service level standards. I recommend this committee review zero-based budgeting and see if this practice can be applied to three or four City departments.

Review Prevailing Wage on Contracts

The City Council passed a City Prevailing Wage Ordinance in September 2013. This higher wage was applied to all new and ongoing contracts with the City of San Diego. During review of the proposed ordinance, the Independent Budget Analyst believed the application of a City Prevailing Wage would increase contract costs by 3-37%. As the ordinance enters its second year in effect, I recommend this committee review the effects of the ordinance on contract costs.

Review Risk Management Emergency Contracting

Recent events in District 7 have illustrated how quickly City departments must react to a crisis. During this El Nino season, I expect flooding and damage to residents' property from these events will continue to be a concern for property owners and the City. The Budget and Government Efficiency committee should work with Risk Management to ensure the City is acting in a timely and efficient manner to mitigate potential lawsuits and provide victims with superior customer service during these difficult times.

Review of San Diego Police Department 5 Year Plan

In FY13 the San Diego Police Department developed a 5 Year Plan to restore public safety service areas adversely impacted by prior budget reductions. The 5 Year Plan addresses these shortfalls and works to improve staffing/retention and community involvement with SDPD. Previous budgets have included a substantial increase in resources for hiring and actual FTE's, Budget and Government Efficiency Committee should evaluate what SDPD has accomplished in their 5 Year Plan and what still remains to be done.

Review of SDPD Efficiency in Response to Flooding

El Niño has proved to be an additional strain on sworn SDPD officers, taking officers away from neighborhoods and forcing them to route traffic around flooded out streets. SDPD has presented an option to install permanent barriers in areas known to consistently flood to eliminate the need to post officers in these areas. Budget and Government Efficiency Committee should look into this request to determine if the installation of these barriers will increase efficiency of SDPD officers responding to emergencies.

Update Managed Competition

The struggles of the City of San Diego's Managed Competition Program have been well documented. This committee should commit to working with the Mayor's office in revising the Managed Competition process based on the recommendations laid out in the Huron Report. Managed Competition, when implemented correctly and efficiently, has the ability to save the City millions of dollars that can be reinvested into our streets and public safety.

Review Personnel Allocations and Hiring Efficiency

The City Auditor recommended six changes in their recent review of the Personnel Department. These changes identified ways to expedite the hiring of vacant positions. The committee should receive quarterly updates on the hiring of recently budgeted FTE's and the timeline for those hiring processes. In addition, the Budget and Government Efficiency Committee should work with Personnel to determine what positions have remained vacant for significant periods of time and could be eliminated.

cc: Honorable City Councilmember Cole
Honorable City Councilmember Cate
Honorable City Councilmember Alvarez