




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

M E M O R A N D U M

DATE: February 3, 2017

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

FROM: Councilmember Chris Cate 

SUBJECT: 2017 Budget and Government Efficiency Committee Priorities

It is my pleasure to submit my 2017 priorities for the Budget and Government Efficiency Committee (Committee). I look forward to partnering with my Council colleagues to ensure the City operates in a manner that is transparent, efficient, and effective.

Draft a Zero-Base Budgeting Council Policy for Committee Discussion

In October 2016, the Budget and Government Efficiency Committee heard a report from Financial Management regarding the results of the Fiscal Year (FY) 2017 Zero-Base Budget (ZBB) Pilot Program. The Committee voted unanimously to bring forward a Council Policy for consideration to permanently institute a ZBB program. The motion included proposed policy language to review two (2) departments each fiscal year, focus on service-oriented departments, analyze costs for automation to streamline the budget development process, and review a phase-in process for larger departments. The Committee should work with the Independent Budget Analyst and Financial Management to develop the details of this proposal and bring forward a Zero-Base Budgeting Council Policy for discussion.

Reinstitute the San Diego Works Program

In 2015, the Mayor directed Performance & Analytics to initiate San Diego Works, a program that engaged all levels of City employees to identify and implement operational efficiencies. According to Performance & Analytics, more than 550 employees submitted over 250 proposals. Employees identified approximately \$1.3 million in net savings to be realized from FY16 to FY21. This program provided tremendous value by giving rank and file City employees financial incentives to identify streamlining and efficiency measures as a means to better deliver services to San Diego residents. The Committee should work with Performance & Analytics to reinstitute this successful program.

Consider Policy Changes to Address City Department Vacancies

In the Fiscal Year (FY) 2016 Mid-Year Status of Vacant Positions, 1,047.25 total vacant Full-Time Equivalent (FTE) positions were identified. The report noted that 83 percent, or 874.00 FTE, were expected to be filled by fiscal year-end. However, 56 percent of the total 1,047.25 vacant FTE were

created due to promotions or transfers. Although this practice is understandable, it creates a cycle of continual vacancies. The Committee should work with the Personnel Department to institute policy changes that address the problem of ongoing vacancies while providing the necessary hiring flexibility to departments.

Review Opportunities to Expand the Corporate Partnership and Development Program

The City's Corporate Partnership and Development Program has generated over \$18 million in revenue from its prior and existing agreements with organizations and companies. These partnerships have provided San Diego residents and City employees with a wide variety of programs and services while allocating new revenue for the General Fund. The Committee should work to identify additional partnership opportunities and bolster this Program.

Amend Council District Community Programs, Projects, and Services (CPPS) Policy

CPPS allocations for City Council offices are currently determined by office budgetary savings accrued from the prior fiscal year. Annual CPPS allocations can vary by office depending on employee retirement benefits, compensation, and non-personnel expenditures. In recent years, the City Council has witnessed an increasing discrepancy in office budgets largely due to budgetary revisions based on fringe benefits. This discrepancy has negatively impacted some office budgets and thus decreased available CPPS funding. The Committee should consider revising Council Policy 100-06 to establish an equal allocation for Council Districts within the Mayor's Proposed Budget. These revisions should also allow for additional allocations based on prior fiscal year savings to personnel and non-personnel expenses.

Identify Opportunities to Improve and Enhance 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 other stakeholders to fully implement the recommendations of the Huron report and review additional competitions to provide further savings to taxpayers.

Receive Report Regarding Operational Efficiencies

Receive a presentation from Performance & Analytics regarding City programs that have demonstrated gains in operational efficiencies, or other programs or projects that have led to better delivery of services for San Diego residents.

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.

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