



**COUNCILMEMBER BARBARA BRY
CITY OF SAN DIEGO**

DISTRICT 1

MEMORANDUM

DATE: January 31, 2019
TO: Honorable City Council Budget & Government Efficiency Committee Members
FROM: Council President Pro Tem Barbara Bry, Committee Chair *Barbara Bry*
SUBJECT: 2019 Budget and Government Efficiency Committee Priorities

It is my honor to lead the Budget and Government Efficiency Committee (Committee). I look forward to working with the Committee Members, City Council, Independent Budget Analyst, the Mayor and staff, and our San Diego Community to foster a transparent and collaborative budget process.

Each Committee member memorandum was distinct, but clear overarching themes emerged. These themes include:

- Review and improve the process of how and when contracts come to Committee and City Council
- Review, improve, and ensure the principles of Equal Employment Opportunity in contracting and competitive practices
- Engage Small Business to improve access to opportunity and services
- Review Personnel Allocations and Vacancy Factor Policy
- Review operational efficiencies and service delivery to San Diego residents

As Chair, I will prioritize the above items, as well as all priorities submitted by my colleagues, for Committee consideration with input from the public.

I thank my fellow committee members for their thoughtful priorities and look forward to vibrant discussion and purposeful action.


Should you have any questions or concerns, please contact Committee Consultant, Victoria Joes at (619) 236.6687.

cc: Honorable Mayor Kevin Faulconer
Honorable City Attorney Mara Elliott
Andrea Tevlin, Independent Budget Analyst



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

MEMORANDUM

DATE: January 18, 2019
TO: Councilmember Bry, Chair, Budget and Government Efficiency Committee
FROM: Councilmember Chris Cate 
SUBJECT: 2019 Budget and Government Efficiency Committee Priorities

It is my pleasure to submit my 2019 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.

Amend City Contract Renewal Process

In recent years, the City Council and Mayor have worked diligently to streamline its procurement and contracting processes, thus making the City more efficient in its delivery of services to San Diego residents. Nevertheless, there have been multiple instances where contracts that are soon scheduled to expire appear before the City Council with very little time for additional review. This Committee should consider a policy change that specifies a minimum number of days a contract renewal should come before the City Council prior to its expiration date. This amendment would provide Councilmembers sufficient time to review the item further should issues of concern arise.

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 to distribute the contents of the budget. The location of the meetings may be left at the discretion of the Committee.

Reinstitute the San Diego Works Program

In 2015, the Mayor directed Performance & Analytics to initiate San Diego Works, a program that engages 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 that would be realized between Fiscal Year (FY)16 to FY21. This program has provided tremendous value by giving rank and file City employees financial incentives when they identify effective streamlining and efficiency measures

that improve the delivery of services to San Diego residents. The Committee should work with Performance & Analytics to reinstitute this once successful program.

Review Opportunities to Expand the Corporate Partnership and Development Program

The City's Corporate Partnership and Development Program has generated over \$27 million in revenue from 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. As such, the Committee should work on identifying additional partnership opportunities to bolster this Program.

Consider Review of Biennial Budgeting

The Committee should work with Financial Management to prepare an informational presentation on the feasibility of transitioning from an annual to biennial budgeting. The presentation should consider best biennial budgeting practices currently utilized by other jurisdictions, such as: Hawaii, Nevada, Ohio, and North Carolina. 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 allow the City more time to plan and monitor the effectiveness of City programs during non-budget years while providing flexibility in making budgetary adjustments when necessary.

Identify Opportunities to Improve and Enhance the Managed Competition Process

An initiative approved by San Diego voters in 2006, Managed Competition, has provided the City with a valuable tool in ensuring taxpayer dollars are maximized. Currently generating nearly \$9 million in annual savings, this program has demonstrated its value. However, 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 improved delivery of services for San Diego residents. The report should also include a status update on how City departments are collecting and utilizing data to realize operational efficiencies that result in improved quality services.

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THE CITY OF SAN DIEGO
OFFICE OF COUNCILMEMBER MONICA MONTGOMERY

M E M O R A N D U M

DATE: January 18, 2019

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

FROM: Councilmember Monica Montgomery, Fourth Council District 

SUBJECT: Budget and Government Efficiency Committee Priorities

As a member of the Budget and Government Efficiency Committee, I look forward to collaborating with the committee members on identifying committee priorities favorable to our collective communities. Moreover, I believe these priorities are scalable to serve the best interests of the City of San Diego. As such, my priorities for this committee are as follows:

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.

Public Safety Overtime

The Committee should provide ongoing legislative oversight and further review the costs of maintaining service levels via the use of overtime versus the filling of positions. The City should explore all approaches for reducing overtime and maintain appropriate staffing levels.

Citywide IT Sourcing Contracts

Review the IT Department's outsourcing contracts.

Vacancy Savings

The Committee should provide ongoing legislative oversight regarding method currently used to budget vacancy savings. Independent Budget Analyst (IBA) Report 18-38 dated 12/5/2018, indicates as of the FY 2018 Year-End Financial Performance Report actual (unaudited) vacancy savings was \$19.9 million higher than the \$29.7 million budgeted vacancy savings (for a total of \$49.6 million). Similarly, for FY 2017 actual vacancy savings came in \$15.7 million higher than the \$30.4 million budgeted amount (for a total of \$46.1 million).

Selected Critical Strategic Expenditures

The Committee should provide ongoing legislative oversight, specifically to ensure that costs associated with the expenditures are in-line with the expected return on investment and that operational efficiencies are realized as budgeted.

Climate Action Plan

Request a report on performance and develop a strategic plan for increasing grant seeking opportunities, with an emphasis on infrastructure.

Grant Performance & Review

Review report on grant performance benchmarks for meeting the CAP's 2020 and 2035 greenhouse gas emissions (GHG) targets that would directly impact government efficiency and innovation.

Performance Measures & Analytics

Review department performance measures on a regular basis.

Review City Insurance Requirements

Establish a working group that addresses the City's contracting insurance requirements to encourage a more open contracting process that eases undue burden and increases opportunity for small business.

Equal Employment Opportunity

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

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. For the City to improve its EOC program goals and 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 work with City staff to ensure that this moves forward and monitor diversity in City contracting.

Small Business Technical Assistance Program

The Committee should seek to establish a Small Business Technical Assistance Program to further develop the City contracting pool and to foster increased opportunity & inclusion. Program efforts should focus on assisting underrepresented business enterprises in applying for business-type certifications, becoming eligible for minor public works contracts, securing necessary bonding and insurance, and generally complying with the City's advertising, bidding, and award process.

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Small Business Bonding Assistance Program

The Committee should seek to establish a Small Business Bonding Assistance Program similar to one in place at the San Diego County Regional Airport Authority and across California, as a supplement to the City's existing SLBE/ELBE program, and as an alternative to addressing the bonding needs of small construction firms. One major barrier to SLBEs from competing successfully in public works bidding is the challenge of being bonded. A Small Business Bonding Assistance Program would greatly enhance the opportunities of small and emerging local construction businesses in the City.

Small Business Bonding Assistance Programs have existed in California for almost two decades. Currently San Francisco, Oakland, and Los Angeles all have active programs which have shown great benefits. The Bonding Programs these cities have adopted increase the pool of businesses that have the capacity to bid and be awarded municipal contracts. This makes the field more competitive and results in cost savings for the City.

By adopting this program, other cities in California have benefitted from expanding the existing pool of bondable contractors, thereby increasing competition and reducing costs. In addition, the program has helped to build long-term local contractor capacity for small and local businesses throughout the state. Local investment in small business translates into local hiring. Looking forward into the future of our City, we have a tremendous opportunity to continue the growth of our small construction businesses, especially with the well-deserved attention we are placing on our infrastructure. This benefits the City because more dollars are spent locally.

MLM:hf

cc: Mara Elliott, City Attorney
Andrea Tevlin, Independent Budget Analyst
Patrick Bouteller, Director of Government Relations, Mayor's Office
Jessica Lawrence, Director of Council Affairs, Mayor's Office




COUNCILMEMBER VIVIAN MORENO
City of San Diego
Council District Eight

MEMORANDUM

DATE: January 18, 2019

TO: Council President Pro Tem Barbara Bry, Chair, Budget and Government Efficiency Committee

FROM: Councilmember Vivian Moreno 

SUBJECT: 2019 Budget and Government Efficiency Committee Priorities

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

Discussion of Policy Directing Redevelopment Property Tax Trust Fund (RPTTF) Towards Projects in Economically Disadvantaged Areas:

RPTTF monies are disbursed property tax revenue associated with former redevelopment areas to local governments. This funding is now allocated to the General Fund. The Five-Year Outlook noted that the adjusted residual RPTTF revenue over the next five years increases from \$21 million to \$29.4 million, for a total of \$127.7 million. Using this revenue going forward to invest in San Diego's economically disadvantaged communities, as originally intended, allows areas in the greatest need of economic investment an opportunity to attract new commercial activity, which in turn creates new jobs and greater tax revenue for the City's general fund. The prioritized investment of these residual RPTTF funds could fund many capital projects across the City that currently do not have identified funding sources.

Review of Costs Related to City Contracts and Outside Consultants:

Each year the City utilizes contracts for various services, ranging from consultants to engineering services. The 5-year outlook projects annual increases in these contracts totaling \$6.9M per year. The City should review strategies to reduce reliance on outside contracts and decrease the projected annual increase related to such contracts.

Review City's Vacancy Factor:

Each year the City's budget anticipates a certain amount of budgeted positions to remain vacant. As each fiscal year progresses, additional positions often remain unfilled due to various reasons, ranging from an inability to hire qualified employees to fill them, to unexpected resignations/terminations. As the vacancy factor fluctuates throughout the year, the Committee should remain updated and begin discussing how best to utilize vacancy savings in advance of the mid-year and end of year budget updates.

Analyze Potential Cost Savings of Insourcing Street Slurry Sealing:

The City currently contracts out all slurry seal work. Staff should provide analysis of whether City employees could perform this work more efficiently and at a reduced overall cost.

Thank you for the opportunity to submit priorities for the 2019 Budget and Government Efficiency Committee. For additional details concerning my FY20 budget priorities, please reference my FY20 Budget Priority memorandum.