




COUNCILMEMBER VIVIAN MORENO
City of San Diego
Eighth District
MEMORANDUM

DATE: May 11, 2020

TO: Andrea Tevlin, Independent Budget Analyst

FROM: Councilmember Vivian Moreno 

SUBJECT: Fiscal Year 2021 Budget Savings and Revenue Ideas

Last week the Budget Review Committee completed its departmental budget reviews of the proposed Fiscal Year 2021 budget. As Councilmembers await the Mayor's May revisions to the budget and begin formulating their final budget modification memorandums, it is critical that you are given direction about what sources of funding and savings each Councilmember is interested in exploring as well as any desired service restorations. Below you will find my proposed \$130 million in service restorations and over \$350 million in potential budget savings proposals. I would request that you provide further specificity and analysis on the exact effect that these proposals would have on the FY21 budget.

Preservation of Reserves

Throughout last week's Budget Review Committee hearings, I made my position clear that I do not support depleting our reserves. Conserving \$113.5 million in reserves between the mid-year FY20 actions and the proposed FY21 budget is critical to the city's future because we do not know what our financial condition is going to be in 2021. If there ends up being a second wave of COVID-19 infections, the economic impact to the city could get much worse and we will need every penny of our reserves. Exercising some foresight and restraint now in order to ensure we can keep the City solvent next year is the prudent thing to do. I also do not support the use of one-time funding like the proceeds from the sale of the stadium to plug the gap in the budget for one year.

Restoration of Service Level Reductions

The proposed budget cuts \$17 million from three departments that provide critical services to our residents. The Library Department is cutting staffing and hours at a cost of \$7 million. The Parks and Recreation Department is cutting staffing and hours at a cost of \$5.9 million. The Transportation Department is cutting staffing and services, such as pothole repair and graffiti abatement, at a cost of \$4 million. The positions and services in those departments proposed for elimination are just too important for our residents to lose.

Alternative Revenue Sources

The cost of restoring the services listed above and preserving our reserves is approximately \$130.5 million. In order to ensure the FY21 budget is balanced, I am offering up potential alternative revenue sources that total over \$350 million. I would request the IBA to analyze these potential sources of revenue so that we can identify exactly how much savings we can realize and which we should utilize in the final approval of the budget.

- **CARES Act Funding: \$248M**
We should use the \$248 million from the Coronavirus Relief Fund established by the CARES Act to cover the cost of the COVID-19 Pandemic response by City employees.
- **Reduction in Outside Contracts: \$71M**
The FY21 proposed budget includes \$245 million in general funds for outside contracts. Rolling outside contracts back to FY15 levels would generate \$71 million in savings. The Office of the IBA should further quantify the savings that could be realized by aggressively cutting outside contracts, including eliminating the annual cost increases allowed for city contracts.
- **Cancellation of City Leases: \$19.8M**
If the City could cancel the lease of 101 Ash Street, it could potentially save up to \$6 million for FY21. Additionally, cancelling the lease for the Kearny Mesa Repair facility could save up to \$13.8 million. Combined- that could be nearly \$20 million in savings.
- **Suspend New Spending in Proposed Budget: \$9-10M**
We should suspend new spending proposed in the FY21 budget, such as the \$7 million in new funding for CleanSD, the \$1.3 million for the Smart Streetlights Program, and the creation of all the new departments.
- **VVSD Bridge Shelter Relocation Costs: \$2.5M**
It is unnecessary to use \$2.5 million in funding to lease or purchase a new site for the VVSD Bridge Shelter given that last week the Mayor announced that the tent will be given to the City of Chula Vista who will pay to set it up and operate it.
- **Convention Center Long-Term Marketing: \$2.1M**
The City should suspend its \$2.1 million payment to the San Diego Convention Center Corporation for long-term marketing until such a time when convention activity resumes.

- Dissolution of the Communications Department: TBD**
 There could be potential savings from dissolving Communications as a standalone department and returning Public Information Officers to individual departments.
- Management/Unclassified/Unrepresented Reductions: TBD**
 The IBA should provide an analysis on the level of savings that could be realized from various cuts to unclassified and unrepresented management positions such as suspending management car allowance, suspending management flex benefits bonus, reduction of Deputy Chief Operating Officer positions, and a one-week unclassified/unrepresented furlough.

The tables below represent the budget restorations and revenue proposals outlined above.

Table 1: Proposed Budget Restorations for FY21 Budget

Budget Restorations	Amount (In Millions)
One Time use of reserves/proceeds from stadium sale	\$113.50
Cuts to the Library Dept.	\$7.00
Cuts to Parks and Recreation Dept.	\$5.90
Cuts to Transportation Dept.	\$4.00
Total	\$130.40

Table 2: Proposed Sources of Revenue for FY21 Budget

Sources of Revenue	Amount (In Millions)
CARES Act Funding	\$248.00
Suspend CleanSD	\$6.70
Suspend Smart Street Lights	\$1.30
Cancel 101 Ash Street lease	\$6.00
Cancel Kearney Mesa Repair Facility lease	\$13.80
VVSD Bridge Shelter Relocation funds	\$2.50
Suspend long-term marketing for the Convention Center	\$2.10
Roll back general fund outside contract spending to FY15 levels	\$71.00
Suspend Management Car Allowance	TBD
Suspend Management Flex Benefit Bonus	TBD
Reduce Deputy Chief Operating Officer Positions	TBD
One week unclassified/unrepresented furlough	TBD
Dissolve Communications Department	TBD
Suspend creation of new departments for FY21	TBD
Total	\$351.40

These budget savings ideas more than cover the \$130.5 million that is needed to preserve our reserves and frontline services in the FY21 budget. I look forward to seeing these ideas further vetted by your office. Please do not hesitate to contact me with any questions.