



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

M E M O R A N D U M

DATE: May 22, 2020

TO: Andrea Tevlin, Independent Budget Analyst

FROM: Councilmember Chris Cate

SUBJECT: Recommended Fiscal Year 2021 Budget Revisions

In response to the public hearings and feedback received from Council District 6 residents regarding the Fiscal Year (FY) 2021 Proposed Budget and the Mayor's May Revision, I respectfully submit the following revisions:

Proposed Budget Reductions and Additional Funding Resources:

December 1, 2020 Re-Opening of Convention Center (\$3.2 million in TOT and Sale Tax Revenue)

Currently, the San Diego Convention Center is scheduled to be reopened for hosting conventions in January 2021. Each month that reopening is delayed results in the significant loss of Transient Occupancy Tax (TOT) revenues and Sales Tax revenue. If the Convention Center is prepared to be opened by December 2020 (utilizing the month of November for cleaning and restoration), that would generate an additional \$3.2 million in TOT and Sales Tax revenue.

Additionally, CARES Act funding is projected to be used for the duration of the closure of the Convention Center towards COVID-19 related homeless services and programs, totaling \$5 million each month. A December opening, preceded by cleaning and restoring in November, would release \$10 million in CARES Act funding.

Reduce Remainder of Arts and Culture Grant Funding (\$5.8 million)

The Proposed FY21 budget includes a reduction of funding for Arts and Culture grant programs by 50 percent to \$5.8 million. I recommend reducing the remaining \$5.8 million in Arts and Culture grant funding for the reallocation of these funds towards the restoration of more essential City programs.

General Fund Fleet Replacement Fund Balance (\$8,273,000)

The Fleet Replacement Fund is anticipated to carry a \$16.9 million fund balance at the end of FY21. This is after accounting for a transfer of \$4.8 million to the General Fund already included in the FY21 Proposed Budget and planned vehicle replacements in FY21. The Independent Budget Analyst identified this balance as a potential additional funding source to cover FY21 General Fund expenditures. I recommend transferring \$8,273,000 of the \$16.9 million fund balance to the General Fund to restore essential City programs and services in FY21.

Excess Public Liability Reserve Funds (\$1.7 million)

Risk Management has completed their analysis for the Public Liability operating projections for FY20 year-end. Expenditures are expected to be less than the anticipated resources. Risk Management now projects an anticipated \$1.7 million in further excess Public Liability funds available for FY21. I recommend this be used to restore essential City programs and services as outlined below.

Proposed Budget Allocations/Additions:

Maintaining Sunday and Monday Library Hours at all Branches (\$7 million)

The Proposed FY21 budget includes the closure of all libraries on Sundays and Mondays. However, providing adequate library services is part of the basic functions of municipal governments. Maintaining library hours is especially important once operations are restored following the COVID-19 pandemic, when individuals out of work will need access to libraries to assist in searching for jobs and resume building, and children engaging in distance learning need access to library resources. I recommend restoring Sunday and Monday library hours at all library branches.

Restore Proposed Cuts to Weed Abatement (\$756,000)

Weed abatement is a critical City service that keeps our neighborhoods clean and ensures a quality of life for our residents. I propose the restoration of 1 full-time equivalent (FTE) position and associated non-personnel expenditures so that weed abatement services can continue to cover medians, road shoulders, and priority locations identified by the Fire Marshall.

Restore 2 FTE for Pothole Crew (\$130,000)

Maintaining the quality of City streets is one of the top priorities for District 6 residents. Filling potholes in a timely manner is a basic City service that residents expect. I propose the restoration of the proposed reduction of 2 FTE pothole crew positions to maintain the current nine 2-person crews that conduct pothole repairs. This would maintain response times to 10 instead of 12 business days.

Maintain Graffiti Abatement Service Levels (\$268,000)

Graffiti abatement is a core City service that helps maintain a quality of life in our neighborhoods while reducing overall crime. I propose the restoration of 2 FTE positions and other non-personnel expenditures allowing the City to maintain its ability to respond to graffiti abatement on private property and maintain the average response time of 8 business days.

Maintain Brush Management Service Levels within Parks and Recreation Department (\$411,000)

Our residents expect adequate brush management service levels within our Parks and Recreation Department, especially in areas of significant fire risk. I recommend the restoration of non-personnel expenditures to ensure that Parks and Recreation brush management is maintained at current levels, including brush management services at a frequency of 21 months, servicing 509 acres.

Maintain Tree Trimming Levels (\$1.8 million)

Adequate tree trimming services is important to the quality of life for residents and in ensuring public safety. The Proposed FY21 Budget includes a \$1.8 million cut to tree trimming services, eliminating the City's ability to do all routine maintenance of shade trees and increase the cycle of routine palm tree maintenance from 2 to 8 years. I propose that these cuts be restored in order to maintain current FY20 tree trimming levels.

Expansion of the Fire-Rescue Dispatch Center Floor (\$120,000)

In FY20, the Fire-Rescue Department requested \$320,000 for expanding the dispatch center floor to accommodate additional dispatchers. However, only \$120,000 was allocated for this purpose in the Adopted FY20 Budget. This expansion is crucial to ensuring the City has enough workspace for the growing number of dispatchers needed to maintain public safety until a new merged dispatch center comes to fruition. I recommend allocating the remaining \$120,000, as requested by the Fire-Rescue Department in FY20, toward this purpose in FY21.

Restoration of Water Contact Program, Waterfowl Hunting Season, and Recreation Days at City Reservoirs (\$703,000)

Ensuring adequate access to the City's public lands and recreation programs is a core City service. The Proposed FY21 Budget includes non-personnel expenditure reductions to the Public Utilities Department that would result in the elimination of the Water Contact Program at El Capitan Reservoir, the waterfowl hunting season at Barrett Reservoir, and all recreation activities at the Sutherland and Barrett Reservoirs year-round. I propose the restoration of these programs.

Restoration of Infrastructure Fund (\$5 million)

Due to the ongoing COVID-19 pandemic, the Proposed Budget and May Revision included reductions in the Infrastructure Fund, Gas Tax, and TransNet funds that pay for capital projects and street resurfacing and reconstruction projects. These are critical funds the City relies on as a significant funding source for infrastructure needs and repairing and maintaining San Diego streets. I recommend we allocate \$5 million to the Infrastructure Fund to address these needs, with a portion of the funds to be allocated toward the Olive Grove Park and Hickman Field Improvement projects. Funds from these projects were used to close the FY20 budget deficit.

Restore STAR/PAL Program (\$1.4 million)

The STAR/PAL program led by the San Diego Police Department is a vital program providing over 10,000 youth services annually to underserved communities throughout the City. STAR/PAL offers free educational, athletic, and recreational programs for youth. The program also helps bring youth and law enforcement officers together to promote better community relations. The FY21 Proposed Budget eliminates the STAR/PAL program by removing 7 FTE positions and \$1.4

million in expenditures. I recommend restoring these positions and expenditures in order to maintain this all too important program.

San Diego Tourism Authority Long-Term Marketing (\$1,050,000)

The San Diego Tourism Authority is charged with providing long-term marketing for Convention Center events beyond 18 months. These events bring in TOT revenue to the City, which is our third largest source of revenue. Due to the closure of the Convention Center, the City will experience tens of millions of dollars in lost revenue. As we proceed through the pandemic, it is more important than ever that San Diego be prepared to compete for conventions in order to generate the revenues needed to provide core services for residents. I propose we reinstate half of the funding for the marketing contract with the Tourism Authority.

Restore City Auditor Budget Reductions (\$295,000)

The Office of the City Auditor plays an important oversight and watchdog role for the City. It completes a wide variety of audits and investigations that ensure the City is accountable to taxpayers. The FY21 Proposed Budget makes reductions to the City Auditor’s budget that would leave critical positions vacant and may result in layoffs and furloughs. I propose that we restore these reductions.

Maintaining City Attorney Staffing Levels (\$5 million in CARES Act Funding)

As mentioned above, a December opening of the Convention Center would release \$10 million in CARES Act funding. I propose utilizing \$5 million of this amount to maintain the service levels provided by the Office of the City Attorney, as requested, in order to cover COVID-19 related expenditures.

Establishing a Rental Assistance Program (\$5 million in CARES Act Funding)

The COVID-19 pandemic has resulted in unprecedented levels of unemployment throughout the City. This has led many renters to find themselves unable to pay their rent on time. While the City has implemented an eviction moratorium, we should also establish a rental assistance program for tenants who face financial hardship so that renters may apply for relief while also ensuring landlords continue receiving the much needed rental income. I propose using the remaining \$5 million in repurposed CARES Act funding toward this purpose.

Summary of Proposed Reductions and Additions

Reductions/New Funding Resources	Amount	Additions	Amount
Arts & Culture	\$5,800,000	Library Hours Restoration	\$7,000,000
Fleet Replacement Fund Balance	\$8,273,000	Weed Abatement	\$756,000
Excess Public Liability Reserve	\$1,700,000	Pothole Crew	\$130,000

Increase in TOT and Sales Tax Revenue Assuming December 1st Convention Center Re-Opening	\$3,200,000	Graffiti Abatement	\$268,000
Repurposing CARES Act Funding	\$10,000,000	Brush Management	\$411,000
		Tree Trimming	\$1,800,000
		Expansion of Fire Dispatch Center	\$160,000
		Restoration of Reservoir Recreation Programs	\$703,000
		Restoration of Infrastructure Fund	\$5,000,000
		Restore STAR/PAL	\$1,400,000
		SDTA Long-Term Marketing Contract	\$1,050,000
		Restore City Auditor Cuts	\$295,000
		Maintaining City Attorney Services	\$5,000,000 (CARES)
		Rental Assistance Program	\$5,000,000 (CARES)
Total	\$28,973,000	Total	\$28,973,000

CC:ay