



COUNCILMEMBER TODD GLORIA CITY OF SAN DIEGO

MEMORANDUM

DATE: February 18, 2015

TO: Honorable Councilmembers

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

SUBJECT: 2015 Budget & Government Efficiency Committee Work Plan

I am honored to lead the City Council's Budget & Government Efficiency (Budget) Committee for the fifth consecutive year, and look forward to discussing wide range of significant policy issues in 2015.

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 and Financial Policies

- Review Budget Priorities Resolution (January 2015)
- Review and consider updates to the City's Debt Policy (February 2015)
- Review detailed budget presentations during the annual budget hearings from the San Diego Housing Commission, the San Diego City Employees' Retirement System, Civic San Diego and the San Diego Convention Center Corporation (May 2015)
- Review FY 2016 Proposed Budget May Revision (May 2015)
- Review FY 2016 Proposed Statement of Budgetary Principles (June 2015)
- Review FY 2016 Appropriation Ordinance (July 2015)
- 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 (quarterly)
- Identify continued enhancements to the budget development process to invite more public input and make the entire budget process more participatory (ongoing)

Financial Reports

- Review Charter Section 39 Financial Performance Reports (quarterly)
- Review FY 2015 Mid-Year Budget Monitoring Report and recommended budgetary actions (February 2015)

- Review FY 2016 First Quarter Budget Monitoring Report (November 2015)
- Review FY 2017 – FY 2021 Five Year Financial Outlook (November 2015)

Fees/Revenues

- Review report on excess TransNet and other special fund balances, and review related cash management reforms (March 2015)
- Review an update of the General Fund User Fee Schedules prior to the FY 2016 budget review process in accordance with Council User Fee Policy 100-05 (March 2015)
- Review other City fees, and whether these fees are achieving full cost recovery for City departments (to be determined)

Performance Measures

- Receive update on the City Strategic Plan and review performance indicators for the FY 2016 proposed budget (February 2015)

Managed Competition

- Receive regular updates and provide oversight of the new San Diego Works initiative and the implementation of recommendations laid out in the Huron report to streamline ongoing operations and achieve cost savings (ongoing)

Purchasing and Contracting

- Monitor performance measures for recent 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)
- Review procedures for Purchasing & Contracting Department contract approvals as part of the FY 2016 proposed budget process (May 2015)
- Review Master Lease Purchasing Program (Q1 2015)

Equal Opportunity Contracting

- Closely examine the Equal Opportunity Contracting Program (EOCP) 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 (January 2015 and Q3 2015)
- Monitor performance of IT Sourcing - Vendor Equal Opportunity Contracting (quarterly)
- Review report from on repeat contractors, showing what progress they have made in complying with their Equal Opportunity Plans and continue to discuss EOCP progress on participation goals and compliance (to be determined)
- Seek to establish a Small Business Bonding Assistance Program similar to one's 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 (Q2 2015)

Information Technology

- Receive status report regarding the update of the City's website (Q2 2015)
- Receive informational report on email system and storage, and existing efforts to keep email records accessible (Q3 2015)

Management of City Office Space

- Receive report on vacant City inventory from Real Estate Assets and monitor City office space use and leases to ensure that they provide the best value to taxpayers and that space is sufficient and efficient for City workforce (Q4 2015)

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 vacancies (Q2 2015 and Q4 2015)
- Discuss hiring process with other key departments to accomplish collective solutions to city-wide hiring challenges (ongoing)
- Ensure that the principles of fair and equal treatment are understood, respected and practiced throughout the organization by reviewing policies and procedures related to the selection and promotion of all classified employees, specifically within the Police Department (to be determined)

Tourism Marketing District (TMD)

- Receive Tourism Marketing District annual report of activities and performance (January 2015)

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 2015 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
Andrea Tevlin, Independent Budget Analyst



**COUNCILMEMBER MYRTLE COLE
FOURTH COUNCIL DISTRICT**

MEMORANDUM

DATE: January 23, 2015

TO: Councilmember Todd Gloria

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

SUBJECT: Budget and Government Efficiency Committee Priorities for 2015

I am eager to begin my new role as a member of the Budget and Government Efficiency Committee. In addition to the priorities I've identified for the FY2015 mid-year and the FY2016 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.

User Fees

In 2009, the City Council adopted a comprehensive General Fund User Fee Policy to assist with determining the appropriate level of user fees for services and related cost-recovery revenues. The Policy was intended to require a fee review and adjustment process as part of the City's annual budget development. Annual inflationary or other technical adjustments to fees should be considered each year as part of the budget process. The Committee should make certain that this policy is being followed and a process is in place to ensure ongoing review of user fees.

San Diego Works

The Committee should seek regular updates and provide oversight of the new San Diego Works (SD Works) initiative and any cost-saving and operational streamlining ideas that come as a result.

Management of City Office Space

The Committee should request an 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.

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.

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 potential for new partnerships.

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Councilmember Gloria
Budget and Government Efficiency Committee Priorities for 2015
January 23, 2015

Thank you for the opportunity to share my priorities.

MC:pi

cc:

Andrea Tevlin, Independent Budget Analyst



City of San Diego

MARK KERSEY

CITY COUNCILMAN, FIFTH DISTRICT

MEMORANDUM

DATE: January 23, 2015

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

FROM: Councilman Mark Kersey 

RE: Budget & Government Efficiency Committee Priorities

This memorandum is in response to your January 8, 2015 memo requesting input for on priorities for the 2015 Budget & Government Efficiency Committee priorities. The City of San Diego is in a far better financial position than we were a decade ago thanks to the tireless work and dedication of Chair Gloria and the Budget and Government Efficiency Committee. As we look forward to another year of service restoration and fiscal discipline, I respectfully recommend the following items be considered for 2015 Budget & Government Efficiency Committee priorities.

Explore Establishment of a 311 San Diego System. A common criticism constituents have of the City is the level of difficulty finding the appropriate department to contact for services. Many agencies nationwide have a central source of information for residents to simplify service. New York City residents can utilize the NYC 311 system to access city services, obtain Municipal ID Cards, get information on Affordable Housing, and apply for Civil Service Exams. NYC 311 can be accessed via mobile application, or residents can chat via text or online with a representative. The Committee should explore establishment of a full service central information system to better serve residents.

Review Historical ERAF Impacts and Corresponding Proposition 172 Safety Sales Tax Revenue Distributions. Proposition 172 was passed by voters in 1993 to provide additional ½ percent sales tax dedicated to funding for public safety. With the City of San Diego employing nearly 26% of all firefighters in the County, countywide protection without correlating disbursement of safety sales tax revenues have put a strain on the system and taken resources away from other local services. The Committee should review the historical impacts of each ERAF along with distributions of Proposition 172 funds and public safety expenditures to determine if a new distribution formula should be pursued.

Military Reserve Inactive Duty Leave. The City of San Diego is compliant with the basic military leave requirements put forward in USERRA and California Military and Veterans Code. However, under current Municipal Code definition of "Military Leave," police, firefighters, and lifeguards who work weekends are forced to use vacation time to fulfill their weekend military reserve duties when given orders for inactive duty training. The section of the Municipal Code that addresses military leave should be revised so our first responders can use military leave for all reserve training, as California Military and Veterans Code allows.

Exploring Feasibility of Utilizing Digital Currency and Alternative Payment Processing Methods. Over the past years, digital currency and alternative payment methods have become increasingly popular. With the legislature's recent approval of the use of Bitcoin, major retailers have begun accepting the currency for payment. The committee should explore the feasibility of accepting Bitcoin, as well as the ability to use alternative payment processing methods, such as Apple Pay or Google Wallet.

Deposit Account Statement Dispute Process Review and Possible Reforms. As an internal service fund attempting to recover costs, the Development Services Department requires deposits that are billed against when a resident, non-profit, or business submits a permit application. The applicant then gets a monthly Deposit Account Statement from the department describing the use of funds and fund balance. Information Bulletin 503 advises applicants whom to contact for Deposit Account Statement disputes, but doesn't provide the applicant with a concrete dispute resolution plan. Furthermore, in the event of a dispute, the charges are audited by the Project Manager. In order to provide more clarity and certainty in the system and encourage investment in our communities, I request a presentation on the Deposit Account Statement dispute process and discussion of possible ways to increase independence and transparency of the dispute resolution process.

Provide Volunteer Fingerprint Services at Various City Locations. The City requires fingerprint scanning for volunteers who work with youth, seniors, persons with disabilities, and other specialized projects. Residents who live in neighborhoods of Rancho Bernardo, Carmel Valley, and San Ysidro are forced to spend nearly an hour in travel to get fingerprinting done in Downtown before they can start volunteering in their own community. The inconvenience and hassle of a trip to downtown can be off-putting to potential volunteers. I recommend the Committee discuss options and budgetary needs to periodically provide fingerprint scanning services in various communities of the city.

Support Ongoing Government Efficiency Measures. The City has made great efforts toward improving efficiency in city operations, particularly by engaging employees to implement innovative proposals that improve residents' experience with their local government. The Committee should provide feedback and support for ongoing efforts to streamline government operations, including SD Works and a revamped Managed Competition program.



City of San Diego
Councilmember Scott Sherman
Seventh District

MEMORANDUM

DATE: January 23, 2015
TO: Councilmember Todd Gloria
FROM: Councilmember Scott Sherman 
RE: 2015 Budget and Government Efficiency Committee Priorities

In response to your memo dated January 8, 2015, the following are my priorities for the upcoming year for the Budget and Government Efficiency Committee.

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 5-10%. As the ordinance enters its second year in effect, I recommend this committee review the effects of the ordinance on contract costs.

Review Fee Schedules

Council Policy 100-05 "User Fee Policy" states that fee schedules should be reviewed annually as part of the Budget process. This review has not occurred in the last two years. I would like to see the major General Fund user fee schedules reviewed by this committee as part of the FY 2016 Budget process in accordance with the Council Policy.

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 should work with Personnel to determine what positions have remained vacant for significant periods of time and could be eliminated.

Review of all City Real Estate/Office Space

The City of San Diego owns and is the lessor of property throughout the city. The details of these assets have never been fully consolidated into one report. I would like to see a review that includes a list of the property owned by the City, the value of the property, how much it is leased for, and the length of the lease.

Work to Update Performance Measures

The performance measures currently used as part of the budget process are outdated and lack detail. These standards are supposed to create transparency, justify budgets, and ensure results. The current measures lack the ability to accurately evaluate those goals. The City Council recently approved the creation of the Performance and Analytics Department. I recommend this committee work with the Performance and Analytics Department to update the performance measures used by City Departments in order to create accurate and detailed standards.

Update City Website

The City's website is antiquated, which has resulted in limited accessibility from mobile devices and certain browsers. The Mayor and City Council approved \$285,000 in the FY 2015 budget process for the update of the City's website. This committee should receive consistent reports regarding the status of the update and work with the IT department to identify priority portions of the website for updating. It is essential that residents have the ability to access the services they need through a readily accessible website.

Purchasing and Contracting Update

Purchasing and Contracting has made great strides over the last two years in addressing ongoing problems. Recently though, the City Auditor raised new concerns regarding the oversight of contracts. In addition, Council has heard several items to extend leases past their original contract due to the RFP having not been started or completed fast enough. This committee should work with Purchasing and Contracting to ensure that ongoing contracts have the appropriate oversight and that new RFP's and contracts are completed expeditiously and on-time.

EOC Contracting Effects

In the FY 2015 budget, Purchasing and Contracting's staff grew by 7 FTE's to enforce the Living Wage Ordinance and Prevailing Wage Ordinance. This increase in staff now results in a net cost of over \$1 million a year. A report should be brought forward on the effectiveness of enforcement of the programs. This report would specifically look at how many contracts are handled per staff member, how many violations are typically found, the amount of back wages paid, and other responsibilities that staff members undertake in addition to enforcement of Living Wage and Prevailing Wage.

cc: Honorable Mayor Kevin Faulconer
Honorable City Councilmembers
Andrea Tevlin, Independent Budget Analyst

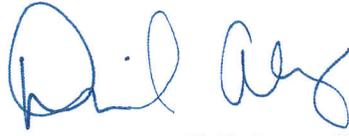


City of San Diego
Eighth District

MEMORANDUM

DATE: January 23, 2015

TO: Committee Chair Todd Gloria

FROM: Councilmember David Alvarez 

SUBJECT: 2015 Priorities for the Budget and Government Efficiency Committee

In response to your memorandum of January 8, 2014 soliciting priorities for the Budget and Government Efficiency Committee, I urge your careful consideration of the following:

1. **Continued Updates on the Equal Opportunity Contracting Program (EOCP):** The Committee should docket continued regular reports from the EOCP regarding its progress on participation goals, compliance, and performance plans. Beyond reporting, this committee should also draft accountability metrics for the program including Workforce Reports and how the EOCP handles continued deficiencies in representation with our larger contractors or potential contractors.
2. **Review City Office Space:** Given City office space needs, and potential space outside of the downtown area, this Committee should review our current leased and owned facilities, occupancy standards, departmental needs to determine if budget savings and efficiencies can be obtained by looking at facilities outside the downtown area.
3. **Provide General Accounting of Convention Center Accounts:** After the failed Convention Center expansion effort, this Committee should review the outstanding debts, expenses, and contracts of the Corporation, including expenses related to the Fifth Avenue Landing contract.

4. **Provide General Accounting of Qualcomm Stadium:** This Committee should review the Qualcomm Stadium site for any deferred or prospective maintenance, pending Capital Improvement Projects, and financial status of sub-surface cleanup operations.
5. **Explore Gap Financing and Reimbursement for FBA/DIF Accounts:** This Committee should explore, with the City Attorney, the potential for moving forward with certain projects that have partial FBA or DIF funding, by including the needed funding in our budget and allowing the FBA or DIF to pay back the City when relevant development occurs.



COUNCILMEMBER CHRIS CATE
CITY OF SAN DIEGO
SIXTH DISTRICT

RECEIVED

JAN 26 2015

OFFICE OF
COUNCILMEMBER TODD GLORIA

MEMORANDUM

DATE: January 26, 2015

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

FROM: Councilmember Chris Cate 

SUBJECT: 2015 Budget and Government Efficiency Committee Priorities

It is my pleasure to submit my 2015 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.

Add City Contract Preference Point Category for Hires from High Poverty Areas

Each year, the City of San Diego issues hundreds of contracts for a wide variety of projects and services. Small Local Business Enterprises (SLBE) receiving a share of these contracts entails an economic benefit for these firms. To ensure economic growth is spurred city-wide, an additional preference point category for contractors who hire in high poverty census tracts should be considered. The Committee should receive a presentation from the Purchasing and Contracting Department on current practices and create a pathway forward to implement this new category.

Initiate the Development of a Smart “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 Smart “Zero-Base” Budgeting method, 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. In an effort to develop a transparent, maximized and results-oriented budget process, the City should initiate a pilot Smart “Zero-Base” Budgeting program.

Enhance and Continue the Managed Competition Process

An initiative approved by San Diego voters in 2006, Managed Competition provides the City a valuable tool to ensure 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 Mayor announced in his State of the City address he will be

presenting a revised Guidebook to make the Managed Competition process simple and efficient. The Committee should work collaboratively with the Mayor's office and stakeholders to review additional competitions to continue providing additional savings to taxpayers.

Ensure the Timely Publishing of Monthly Financial Performance Reports

In accordance with Section 39 of the Charter, the Chief Financial Officer shall "submit to the City Manager and to the Council at least monthly a summary statement of revenues and expenses for the preceding accounting period..." It is imperative for the City to publish these reports in a timely and user-friendly manner to accurately reflect the City's financial activity. Upon the conclusion of the preceding period, the City should immediately post these reports for the consideration of the Mayor, City Council, and the public.

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 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.

Fund the Tourism Special Events Revolving Loan Fund

As the City looks forward to hosting Major League Baseball's All-Star Game in 2016, it is imperative to ensure San Diego taxpayer dollars are protected. The City Council has authorized the waiving of up to \$1.5 million in fees for General Fund department services, including, but not limited to Police, Fire-Rescue, Park and Recreation, and Special Events Departments. Given this event provides the City a unique platform to showcase San Diego to an international audience and new tourism markets, the Tourism Special Events Revolving Loan Fund should fully reimburse the City's General Fund expenditures. This reimbursement can be accomplished over Fiscal Years 2016 and 2017.

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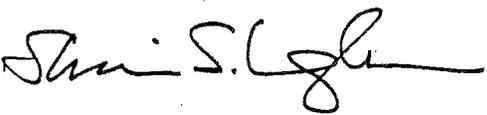
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JAN 22 2015

OFFICE OF
COUNCILMEMBER TODD GLORIA

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

MEMORANDUM

DATE: January 22, 2015
TO: Councilmember Todd Gloria
FROM: Council President Sherri S. Lightner 
SUBJECT: Budget Committee Priorities for 2015

The following are my priorities for the 2015 Budget and Government Efficiency Committee:

- Review use of City office space, including leased office space, using the most recent occupancy standards in order to identify potential efficiency improvements and cost savings.
- 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.
- Analysis of Equal Employment Opportunity contract language to determine how to bring more contractors into compliance with the City's EEOC requirements.
- Analysis of Managed Competition, including the economic impacts of contracts awarded by the City to non-local businesses.
- Detailed budget presentations during the annual budget hearings from Civic San Diego and the San Diego Convention Center Corporation.
- Report on email system/storage, and what is being done to keep email records accessible.
- Performance evaluation of the Personnel Department, including an update on process improvements.

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.
- Equal Employment Opportunity Contracting progress report from repeat contractors, showing what progress they've made in complying with their equal opportunity plans.

Finally, please consider periodic reviews of City fees, and whether these fees are achieving full cost recovery for City departments.

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

cc: Honorable Councilmembers
Andrea Tevlin, Independent Budget Analyst