

**Memorandum**

To: Councilmember Tony Young  
Chair, Budget and Finance Committee

Cc: San Diego City Councilmembers  
Mayor Jerry Sanders  
Andrea Tevlin, Independent Budget Analyst

From: Councilmember Sherri S. Lightner

Date: Friday, May 8, 2009

Re: Recommendations for the FY10 Budget



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As a part of the City's budget discussions, I have included the following ideas and suggestions to increase community participation, add a higher level of analytical rigor to Council deliberations and decision-making, and to emphasize a stronger economic development effort with a focus on green/clean technology.

These ideas are included along with my response to your April 21, 2009 memo requesting recommendations to provide 1) "Additional cost savings you [Councilmembers] would like to see implemented in the FY2010 budget." and 2) "Strategies that you [Councilmembers] would like for the Mayor and IBA to review and possibly implement in preparing for FY 2011's budget." I appreciate your request and believe it is essential to find additional savings for this year as well as establish systems that will make the City operate more efficiently in the future.

The City has much to do to strengthen efforts already underway to improve fiscal responsibility and to provide the best services to constituents possible during this challenging period. For both the FY10 budget and future budgets, the City must become more transparent, increase public oversight and input, increase accountability and minimize waste, follow best practices, and fully utilize our resources to achieve increased efficiency and better service delivery.

The following recommendations are intended to help achieve these objectives:

The recommendations are presented in six general classifications: Citywide Efficiency; Savings or Increased Revenues; Efficiencies and Increased Transparency; Additional Department Hearings; Economic Development, and Public-Private Partnerships and Joint Agreements. Some items include action requests for City staff or the IBA to provide additional information or an assessment. Action is also requested for items that require additional information or that have a longer timeline.

The items that need additional information or an assessment by City staff or the IBA are all items in section 2, sections 3.2 and 3.3, sections 3.8 through 3.22, section 4, 5.2, 5.3, and section 6. It may be helpful for the Council to have presentations on the information presented in section 5.

## **1 Citywide Efficiency**

### **1.1 Benchmarks & Accountability for Contracts: For every contract subject to City Council approval, it is recommended that well-defined benchmarks be established as follows:**

- 1) Typical benchmarks would include well-defined deliverables with an associated delivery date and cost for delivery;
- 2) Develop a system for monitoring benchmarks and require regular reporting to the Council, especially if there is a failure to meet the benchmarks;
- 3) Explain and correct any failure to meet the contract benchmarks. This explanation should provide a clear definition of cost and time overruns including additional expenditures, time delays, and any City staff time costs;
- 4) Before a contract's scope of work can be modified, it must be reviewed and approved by Council.

For example, if these oversight systems had been in place for current contracts, taxpayers would not be paying \$10 million or more in overruns to develop Enterprise Resource Planning (ERP). The public needs assurance that sufficient accountability and oversight systems are in place to insure there will be no further cost overruns for OneSD.

### **1.2 Public Oversight & Accountability: Comprehensive Annual Financial Report (CAFR): It is important, both for the public's trust and for the City's financial health, that the City be held accountable to meet all pertinent requirements.**

The FY09 CAFR is one recent example of the City failing to meet disclosure requirements. I did not support the FY09 CAFR because the City omitted information that the City of San Diego/MTDB Authority is responsible for the financial oversight of a bond payment initiated in 1988 and that the City may have failed to meet its responsibility to appoint two Councilmembers and to make sure the Board meets annually. As far as I know, the City has still not met these requirements.

The City must also be more thorough before approving expenditures. For example, recently the City proposed to spend over \$400,000 for a reservoir water study that had not yet received the scrutiny of available volunteer outside experts. We must develop systems that use available volunteer expertise at our local universities, business and activist communities to insure that the highest standard of oversight is provided before spending taxpayer dollars.

Additionally, better systems for measuring and tracking projected savings must be established in the coming budgets. For example, a report substantiating the projected 4:1 return for completed audits is essential if that is going to be a significant factor in the approval of additional auditors. Increased due diligence is needed before the approval of additional expenditures to ensure there is enough reliable information to substantiate claims of efficiencies, savings or any other assertion.

For example, there are recommendations to continue moving forward with additional Business Process Reengineering (BPRs). Prior to approving more BPRs, can the City substantiate savings that have been realized from the BPRs that have already been completed? City departments, the City Council and the public require this information to determine if the BPR program is the best way to achieve efficiencies and cost savings, and to improve services.

- 1.3 Best Practices:** I recommend the Mayor provide information on best practices as part of each department's budget. This will provide another check to minimize waste and increase efficiency. The City has not consistently followed best practices, and often this has led to mismanagement and waste.

For example, just recently, the City failed to follow both a requirement in an initiative passed by voters and also a best practice when it failed to conduct a national search for the City's Independent Auditor. Instead the Mayor nominated an auditor. I am not suggesting that the current Auditor is not qualified, rather I am merely showing an example of where the City failed to follow through with requirements set by voters and recommended by best practices.

## **2 Savings or Increased Revenues**

- 2.1 Administration Services:** Consider elimination of the Administration Department (\$3,994,035) and transfer its essential oversight functions to the Auditor's office.

Currently the Administration Department oversees Administration and Grants Management, the Citizens Review Board, Emergency Medical Services, EOCP, the Living Wage Program, Mayor's Office Management, and Public Information. There does not appear to be criteria to demonstrate the need for all of these positions.

Action: Request that City staff examine each position in Administrative Services and determine whether it can be consolidated with other departments, as well as state why each position is critical to the City's internal controls.

- 2.2 City Sponsorships:** Eliminate sponsorships of all public activities, events, and sports venues. Place cost savings into the City's reserves.

For example, the Storm Water Department is proposing to spend \$4,347,548 in education and outreach including "... attendance and sponsorship for events such as December Nights, the Padres, the Jazz Festival, the Filipino-American Festival and the San Diego State Aztecs."

Action: Request that the IBA and City staff identify the expenditures by event and the type and cost of promotional materials used at the events. Are any of the expenses covered by grants, and if so, what is the total? How much of this activity is a requirement to satisfy provisions of the EPA lawsuit settlement?

- 2.3 Consulting Agreements/Services:** Require full transparency for all special consulting services. Below is the chart from the IBA report listing the special consulting services.

Action: Prior to voting on this item, I am requesting City staff provide an itemized list of what is in each of these contracts, its full expenditures, benchmarks required and a report of any overruns that occurred in FY09. I am also requesting what measures are in place to prevent overruns in FY10 and what City staff considers an "overrun."

**Citywide Program Expenditures**

	<b>FY 2010</b>	<b>FY 2009</b>	
	<b>PROPOSED</b>	<b>BUDGET</b>	<b>CHANGE</b>
<b>Special Consulting Services</b>			
Actuary Services	\$200,000	\$200,000	\$0
Disclosure Counsel	\$100,000	\$100,000	\$0
Meet & Confer	\$400,000	\$400,000	\$0
Reimbursement to DSD	\$0	\$700,000	(\$700,000)
MuniServices	\$400,000	\$0	\$400,000
Other Consultants	\$250,000	\$82,000	\$168,000
<b>TOTAL</b>	<b>\$1,350,000</b>	<b>\$1,482,000</b>	<b>(\$132,000)</b>

- 2.4 Ethics Commission:** Place all fines collected from the Ethics Commission into the City's reserves. Last year, the Commission collected \$6,500 in fines plus an Administrative Enforcement Order and fine of \$68,243.

Action: Request the City staff to provide information as to how the fines were used in FY09.

- 2.5 Film Commission:** Filming events should be treated like all other special events conducted by commercial enterprises, except that filming companies may qualify for expedited permit processing that should require an additional fee. This means that the filming companies should pay full fees for police and fire services and full venue fees for any locations on City property.

Action: Request that City staff evaluate the costs of subsidizing filming events for the last two years and estimate the revenues for FY 2010, using the assumption that filming events will need the same permitting as any other special event. What is the estimated cost recovery possible?

**2.6 Fire Department -Additional Cost Recovery:** Services provided to large public institutions and non-profits that do not contribute to the City's revenue should be fully cost recoverable. In particular, for the benefit of a responsive fire department, local universities should pay to support local fire services. Local universities are larger than some communities and should help support fire services, especially because the campuses facilitate research with sometimes hazardous chemical and biological materials.

Action: Request City staff to provide data on services provided to UCSD, SDSU and the Community Colleges, costs to provide these services for FY08, and a cost estimate for FY09. Can the City recover these costs?

**2.7 Newsracks:** Newsrack permit fees were just increased by a modest amount. Prior work done in previous years would show that the fees assessed do not cover the costs of enforcing the Newsrack Ordinance. The failure to enforce the Ordinance creates visual blight and can cause accessibility issues (Illegal placements block access) in some communities. It is estimated that the current fees cover 20% of the total cost.

Action: City staff to provide information on the fees necessary for full cost recovery for enforcement of the Newsrack Ordinance and how much is currently being subsidized.

**2.8 Public Relations Contracts/Public Information Officer:** Eliminate all public relations contracts to promote the City of San Diego. Public relations firms are not needed for the City because the Tourism Marketing District and the Convention Center are dedicated to promoting San Diego.

Action: Request City staff to provide Council with a list of the public relations contracts and total expenditures anticipated for those contracts for FY10. Staff to provide information on total expenditures for FY09 and for what those expenditures were made.

**2.9 Transient Occupancy Tax:** TOT funding for the Arts, Culture, Community Festivals and Organizational Support is reported to generate a 24:1 return on investment. Require each organization to provide a match for TOT dollars. Request that criteria for funding arts and culture programs include a point credit for a matching funds program.

Currently, the Mayor recommends \$7,990,586 for the Arts, Culture and Community Festivals and \$6,449,183 for Organizational Support in the FY10 budget, totaling \$14,439,769.

Action:

- (1) Request City staff and the City Attorney's office report on whether there is a requirement for the City to spend the entire TOT every year.
- (2) Request that program participants develop matching funds programs.

**2.10 Warranties/Contract Terms:** When the City purchases goods or services (including consultant agreements), the warranties and contract terms should be closely monitored to assure that the agreement's terms are fulfilled. If, for example, the City decides to replace incandescent traffic signal fixtures with LED fixtures because they are more efficient and have a five year life expectancy, the City should make certain that there is a warranty which guarantees full replacement if the lights fail prior to that time. Similarly, if trash cans are said to have a lifespan of ten years, then there should be a provision for replacement if they fail prior to that length of time. If the City contracts for a certain scope of work for a set cost, that original scope of work should be delivered before contract modifications are considered (e.g. OneSD).

**2.11 Water Department:** Now that the City has adopted Drought Response Level 2 in response to the announcement that there will be a 10% reduction in water deliveries beginning July 1, I recommend that the Water Department, the IBA and the Auditor conduct an assessment to determine whether any additional positions are needed. The department plans to propose 10 additional enforcement positions.

Action: Request that the Water Department, IBA and Auditor's office determine if any additional positions are needed, and if so, the minimum number of additional staff. Is it possible to use interns to staff the program in combination with existing staff?

### **3 Efficiencies and Increased Transparency**

#### **3.1 Agencies - SEDC, CCDC, Housing Authority, Redevelopment Agency and SD Data Processing Corporation - Transparency & Public Oversight:**

In an effort to increase public oversight and transparency, I recommend that a line-by-line budget be published on each agency's website, if this has not already been done. Additionally, each agency should publish an updated list of proposed projects to complete in FY10 on its website.

Action: Request that each agency provide its budget and project information on its website.

**3.2 Audits Requested:** Future Benefit Assessment (FBA) and Development Impact Fee (DIF) funds should be audited to make sure that these funds have not been used inappropriately. There is concern in several communities about what money is in the funds and when and how it is being used. In particular, how much is billed to these accounts by City staff and for what? There is additional concern that fully funded FBA and DIF projects are being unnecessarily delayed. Similarly, the Business Improvement Districts and Maintenance Assessment Districts should be audited. The overhead rate for all of the funds should be evaluated, a maximum allowable rate should be set and that should be included in the evaluation of any proposals for an operating agreement or contract for the operation of the MAD's or

BIDs.

Action: City auditor to perform audits of FBA and DIF funds and MADs and BIDS. Corrective measures to be recommended, as appropriate. Proper use of the various funds could mean earlier completion of community projects.

- 3.3 Brush Management:** Brush management is an important method for preventing or minimizing fire damage. In the FY09 First Quarter Budget Reduction process, 2 brush management code compliance positions were eliminated because they had not been filled. The IBA states that this reduction in staff will prolong review of all affected parcels from two years to a minimum of three years.

Action: Request that City staff provide information on all costs and risks related to reducing 2 code enforcement officers for brush management and prolonging the inspections.

- 3.4 Bureaucracy Review/Functional Review:** Business Process Reengineering (BPR) is proceeding on a department-by-department basis, and there does not seem to be an effort to consider the overall organizational structure. I encourage an effort similar to the one which formed the Engineering and Capital Projects Department. A functional analysis of the various departments should be considered, which would result in a structure organized along functional lines.

For example, instead of the Fire Department hiring people to do billing and fine collection, this should be an activity for the City Treasurer. Perhaps the City Treasurer should also take care of parking and traffic citation billing and collection instead of hiring an outside company. Neighborhood Code Compliance citations and fines could also be handled by the City Treasurer.

- 3.5 Business Tax Fairness:** Waive fees beyond cost recovery for first-time business tax offenders. The Treasurer reports that 75% of those notified are actually in compliance and do not have to pay the fee. Currently, non-compliant businesses are charged the unpaid business tax, a zoning fee, late fee, processing fee, and, if they do not respond within 30 days, a non-compliance surcharge. Late fees alone comprise 41% of the total charged for any business that has failed to pay taxes for four years.

I have received numerous calls and emails from constituents who have been penalized by the City for non-compliance when they were not aware of their liability. The Business Tax Compliance office advised me to expect even more such contacts because there is a growing lack of clarity and understanding about who is required to pay the City's business tax.

Action:

1. The City Treasurer could warn first-time-offense businesses before assessing any penalties; require payment of only the business tax and zoning fee for each unpaid

year, plus a fee to recover the administration cost; and waive the “Late Fee” and any processing fee beyond cost recovery for first time offenders. If after receiving a warning a business fails to pay, or if it fails to pay in the future, then it could be charged all penalties waived for the first offense, plus any additional penalties for subsequent offenses.

2. The City Treasurer could identify and correct the problems that are resulting in 75% of the businesses being misidentified and sent notices of non-compliance.

3. There should be a Business Tax Compliance program review and improvements made in the ways in which it informs the public of who is required to pay the business tax, especially regarding how it communicates with the self-employed. This will give small business owners the opportunity to do the right thing without being punished too harshly.

These new policies and efficiency improvements will be cost recoverable and will demonstrate respect for San Diego’s small business community.

- 3.6 Capital Improvement Projects:** Require full transparency and oversight of the City’s Capital Improvement Projects (CIP) in FY09 and the proposed CIPs in FY10. Prior to approving the FY10 CIP budget, a list of completed FY09 CIP projects should be provided to the Council and posted to the City’s website, as the IBA recommended.

Action: For the FY10 budget, City staff should provide Council with a full list of the projects proposed to be worked on and/or completed in this fiscal year. The report should also include the criteria used to determine why each project was selected, the projected budget and benchmarks to help ensure the projects are completed on time and to identify early any potential cost overruns.

- 3.7 Citizen Expert Review Panels:** Take advantage of volunteer experts from our communities. We should take advantage of the expertise at our local universities, in our business community and in our activist community. Panels with specific expertise could help save the City money by providing timely advice.

Action: Mayor could work with Council Committees and IBA to establish expert panels for the purpose of providing insight regarding staff proposals.

- 3.8 City Attorney:** Potential cost savings have been identified in sections 2.3 and 3.9. The Council should support the City Attorney’s effort to bill non-General Fund users for attorney services using Service Level Agreements to minimize expenditures from the General Fund. In addition, the use of outside counsel should be minimized. We could consider the use of more contingency-based agreements for outside counsel. If even partially contingency based contracts are not acceptable to outside counsel, perhaps the City should consider settling the matter prior to litigation. Consulting agreements should be carefully vetted so that the City is not paying for change amendments to obtain the desired services.

- 3.9 Council Docketing:** The City Clerk's office, rather than the City Council, should handle all docketing.

Action: Request IBA to assess this suggestion to evaluate how much the current system costs in both time and money, and whether efficiencies can be achieved by making docketing a function of the City Clerk's office.

- 3.10 Criminal Prosecution:** City staff should work with the District Attorney's office and City Attorney's office and develop a proposal to eliminate duplication of criminal prosecution between the City and the County. Currently the City Attorney's criminal division is proposed to spend \$6,004,292 in FY10.

In 2005, District Attorney Dumanis, Sheriff Kolender, and Police Chief Lansdowne supported combining the City's misdemeanor division with the DA's office. Dumanis stated at the time that it would be more economical if felony and misdemeanor cases were prosecuted together. In addition, Dumanis advocated for the business model known as "group effort" which involves efficiently processing paperwork and reducing caseloads for judges and courts.

Action: Request City staff, City Attorney's office and IBA provide a proposal that maximizes resources and eliminates duplication with the San Diego County District Attorney's office and provide an estimate of the potential savings to the City.

- 3.11 Fuel Reserve:** Provide for the creation of a fuel reserve for the City's fleet to protect against unanticipated increases in fuel prices, as suggested by the IBA. They recommend the reserve be funded with any year-end surpluses that may result when fuel costs are lower than anticipated.

Action: Request that City staff provide information on what must be done to create a fuel reserve and what are the costs and potential savings. Request the IBA to provide an analysis on whether the City would have saved money in FY09 if a fuel reserve was in place.

- 3.12 IPR - Indirect Potable Reuse Demonstration Project:** \$10,526,000 are proposed for the additional expenses needed to support this pilot project. I am recommending, prior to the expenditure of these funds, that a line item report be provided showing every expense for this project. I also recommend that City staff develop benchmarks that must be met before further funds will be considered for allocation to the project. In light of the growing water crisis, we may want to place this demonstration project on hold and use the \$10 million to enact drought program and water conservation methods. Is this a possibility? How far along is the project?

The City should request federal stimulus dollars to help fund our water recycling efforts. I understand that there are approximately \$135 million available at the State level for constructing water recycling projects. We should use this money to expand the purple pipe (non-potable reuse) water system and use incentives to facilitate its installation by commercial properties.

Action: Request City staff to provide a line item report of every expense for the IPR project and provide benchmarks the project must meet. Request the Water Department apply for federal stimulus dollars to help fund water recycling and the installation of purple pipes so that all of our reclaimed water is used.

- 3.13 IT/SDDPC:** IT expenses have been decentralized this fiscal year. Each department has been charged for IT, in some cases a great deal of money. This expense has been offset by a like amount as revenue. These balanced expenses and revenues are in addition to the costs that have been billed in previous years. How are these costs determined? Is it based on equipment provided by IT (or is it DPC?) to each department and the personnel used by the departments? In particular, the base amount charged to my office has not changed from last year. SDDPC depreciates equipment, does IT? What are the terms of the equipment agreements for each department?

Action: Request IT staff explain the methodology for calculating the costs for each department's IT expenses and what services are delivered.

- 3.14 Neighborhood Code Compliance:** Eliminate Community Outreach from Neighborhood Code Compliance. The FY10 Neighborhood Code Compliance proposes to maintain one community outreach position. I recommend using that position as another code compliance officer in the field either to assist in the Vacant Properties Program or to assist with the other code violations and help require more compliance. The community outreach functions can be transferred to a different department such as Community and Legislative Services.

Action: Request City staff to provide a thorough report to document the degree to which violations are not enforced and fines not collected (for example illegal signage citywide – including merchants who offer check cashing). It is my understanding that additional code enforcement officers will be cost neutral with the added value of improving the quality of life in our neighborhoods. I request that the report include evidence as to whether a code enforcement officer is cost neutral.

- 3.15 Optimize City Facilities:** There are several facets to this topic.

For the use of City-owned public space, other than that controlled by the Park and Recreation Department, permits should be required. Real Estate Assets (READ), Park and Recreation or Special Events could issue the permits. For example, does the plaza at the Community Concourse require a permit if used by a non-City entity?

City properties which are operated with lease or joint-use agreements are discussed in sections 3.16, 6.1 and 6.2.

The City Administration Building is underutilized at this time, and an assessment should be made about current space utilization. There are noticeably empty work spaces, and it may be possible, with better use of the space, to not need to extend

any offsite leases. An additional consideration is the potential added efficiency of placing departments which interact frequently in close physical proximity.

Action: Request that the IBA provide an assessment of the square feet allocated per staff member by department and floor and compare this with how other large cities or the County allocate space. Files may occupy space that would be better and more inexpensively used by staff.

- 3.16 Police Recruitment:** Some have suggested that there may be an increase in vacancies, retirements and/or transfers based on the newly-adopted labor agreement. I request that City staff provide a quarterly report to the PS&NS Committee for the purpose of increasing the size of Police Recruit Academies and/or adding additional academies if needed to proactively ensure that the strength of the City's police force is maintained.

Action: Request a quarterly report to the PS&NS Committee by City staff on the vacancies, retirements and transfers in FY10 compared with FY09.

- 3.17 Real Estate Assets (READ):** An assessment of the properties owned or leased by the City should be performed. This assessment should include the condition of the property, the responsibilities of the lessor for the property, the cost-benefit of retaining the property and the advisability of releasing the property to the current lessor with the condition that a remainder interest in the property be retained by the City, if the purpose of the current use is not fulfilled.

For example, there are nonprofits which use City-owned land to benefit the local community. It may benefit the City to allow the non-profit to take care of the property and have all of the responsibility for the maintenance and operation of the site. This might benefit the fundraising activities of the non-profits as there will be no looming "end-of-lease" situation.

Action: Request City staff to report on the properties and buildings owned by the City with an assessment of the current use, condition, and the cost-benefit of leasing/releasing the property and retaining a remainder interest.

- 3.18 Refuse Disposal Fund & Recycling Fund:** These funds may have a short term solution to balance revenues and expenditures, but the City must explore a long-term solution to address the fiscal structural problems of both funds. I recommend the Council convene a committee comprised of councilmembers, City staff, members of the public, and members of the academic community to produce a report with recommendations to 1) address the fiscal structural problems; 2) alleviate pressure on the General Fund; and 3) avoid overburdening commercial and multi-family users.

Action: Request City staff to determine any costs associated with convening such a committee.

**3.19 SAP:** The loan of employees to the SAP/OneSD effort should be tracked and every effort made to minimize the subsidy of this effort by City departments. What is the cost to the City/General Fund for staff that have been allocated to this effort? Is that cost expected to increase? If the demand changes, how will Council be made aware of the cost change? How does this allocation of resources affect the performance of individual departments?

Action: Request City staff to identify departments affected and the total number of employees working on SAP.

**3.20 Street Lights:** City Policy 200-18 stipulates the spacing and placement of street lights for developed communities. Street light placement is a great concern for communities. In some communities there are not enough street lights, and in others the addition of street lights is not desired. The implementation of this policy should reflect the desires of the affected community. There could be a cost savings if those communities which do not want the minimum street light spacing are not forced to have additional lights.

**3.21 Tracking System:** The reported 4:1 ROI for completed audits has been a significant reason given for the approval of additional auditors. While I believe we need robust internal controls and oversight, we need to ensure that we have the facts prior to approving additional expenditures.

Action: I recommend that City staff work with the City Auditor to develop a system to measure and track projected savings of audits. Prior to developing a system, I recommend determining whether there are best practices the City could follow to best measure and track projected savings. If any of the additional auditors are to be designated to the City's independent agencies, I recommend the agencies pay the City for the auditor. I request City staff provide a report to substantiate the projected 4:1 return for completed audits if that is one of the significant factors in approving additional auditors.

**3.22 Tree Trimming:** The current budget proposes a cost savings of \$600,000 to eliminate routine tree-trimming/maintenance.

Action: Request that the IBA provide a cost-benefit review of the costs of routine tree maintenance vs. street cleaning/debris removal of palm fronds and dead or damaged trees – especially when trees fall into the public right of way. What have the costs been for FY08 and FY09 thus far? These costs should include any claims paid for tree damage.

#### 4 Additional Department Hearings

- 4.1 **Business Office:** I request that the Business Office department be scheduled for a hearing. It states that from FY07 to FY09, BPRs have resulted in savings of over \$32 million in personnel expenditures and have resulted in millions of dollars in non-personnel savings. In addition, I recommend that if the Council decides to do a citizen survey, we adopt the IBA's recommendation that the Council work with the Mayor to conduct a community survey prior to next year's budget process to obtain the information desired by both the Mayor and the Council. The funding for a citizen survey exists in the Business Office department budget for FY10.

Action: Request City staff to provide more detailed information regarding savings realized to date, provide a list of the BPRs that will be completed in FY10, and a list of those expected to be started.

- 4.2 **Debt Management and Financial Management:** I request that the Debt Management and Financial Management departments be scheduled for a hearing. The Financial Management department is a critical department with financial oversight of many of the City's departments. I would like to know what specific internal controls are in place and what best practices are being implemented. The Debt Management department is also responsible for much of the City's financial operations, and I would like to know what best practices are being implemented.

Action: Request City staff to provide an explanation of the internal controls that are in place and the best practices that are being implemented in the Debt Management and Financial Management departments.

- 4.3 **Matching Fund Programs:** The objective of matching fund programs is to leverage City funds to achieve optimum benefit. Which departments provide any sort of matching fund program? How much money is set aside for matching, and what is the ratio for the matching? What types of projects or events can benefit? I respectfully request that the IBA report on this and suggest other City departments where this type of leveraging can be used. Can the City apply for grants with the commitment of private donations? What is the possible increase in revenue?

Action: Request City staff and the IBA to present information on the various matching programs provided by various City Departments and to identify other possible departments that might be able to benefit from a matching program.

## 5 Economic Development

### 5.1 **Clean/Green Technology Industry & Sustainable Economic Development**

**Committee:** The City Council should establish a new committee that will expand the City's current focus on promoting sustainable economic development to include active development of the clean and green technology industry. This emerging industry could be the next economic engine for our region. In addition, the growth of this industry can also assist with combating climate change as well as conserving water and energy.

This committee would focus on two primary areas: 1) identifying and developing programs and incentives to attract and maintain the emerging green/clean technology industry in San Diego; and 2) identifying and developing programs and incentives to encourage new developments and converted developments to be sustainable. The committee would also work closely with Mayor Sanders to develop a green/clean technology hub in San Diego. The committee can be a part of helping to bring more jobs to our local economy by supporting green/clean technology businesses, and also green collar jobs that are needed for sustainability projects.

Action: In addition to NR&C, PS&NS, LU&H and the Audit Committee, Council establish an Economic Development Committee to actively work with stakeholders and Mayor Sanders to develop and monitor the City's economic development with a focus on the green and clean technology industry. Also request City staff to determine if there are any other costs beyond the cost of a consultant for the new committee (\$75,221).

Bio-tech and high-tech have made San Diego the bio/high-tech hub. We must work much more closely with our universities and the emerging clean and green technology industries. It is essential that San Diego enhance the effort to develop a robust clean and green technology business infrastructure. San Diego can become the national hub for green and clean technology business.

### 5.2 **Additional Federal Stimulus:** I respectfully request that that City legislative staff provide a report in two weeks that will provide a strategy and action plan for bringing more federal stimulus dollars to San Diego that can be used to create jobs. This is an opportunity for the City of San Diego to compete for additional dollars that could translate into job growth.

Action: Request a report in two weeks from City staff to provide a strategy and action plan on bringing in more federal stimulus dollars, followed by a monthly progress report to Council. The Obama Administration promised quick disbursement of stimulus dollars, and the Council needs regular reports to determine if additional action is needed to bring in more of these dollars to support our local economy.

**5.3 Transient Occupancy Tax (TOT) Transfer:** Maintain TOT funding for Arts and Culture, Community Festivals and Organizational support. Transfer \$1 million of the proposed augmentation of approximately \$3.4 million in TOT allocations for General Fund promotion-related activities to be used to attract businesses and emerging industries like the clean/green technology to San Diego. According to the IBA, the Municipal Code requires that 4-cents of the TOT must be used for the purpose of promotion but does not define what constitutes promotion. According to the IBA, "In FY 2009, the City began allocating TOT funds for promotion-related expenditures within the General Fund, including police services for special events, Balboa Park events, and maintenance of streets, facilities and parks frequently used by visitors. In FY 2010, these allocations have expanded to promotion-related activities in various departments..."

In this economic environment, one of our top priorities is to grow our local economy. We can use these TOT dollars to promote San Diego as a desirable business location. If the transfer is approved, it is critical that benchmarks be established for the City to meet and that every dollar spent is reported to the Budget Committee each quarter to help ensure all expenditures are being used to grow our economy.

Action 1: Request that City staff explain how the augmentation of TOT dollars were proposed to be spent in the various departments referred to by the IBA. Request City staff report on how the transfer of \$1 million can grow our economy and attract more businesses to San Diego, particularly clean and green technology companies.

Action 2: Currently, the Mayor recommends that \$195,224 of TOT dollars be allocated to Business Expansion, Attraction and Retention. I am recommending the funding be placed in this account with an emphasis on emerging industries like clean/green technology. I also request City staff to provide a report to establish specific benchmarks that must be met in FY10 with the additional funding.

Action 3: I am recommending that a portion of the additional dollars brought into the City from the TOT dollars used on economic development go toward backfilling any reductions of the Arts, Community Festivals and Organizational Support grants.

## **6 Public-Private Partnerships and Joint Agreements**

**6.1 City-owned Facilities:** Some City-owned facilities are operated by private for-profit companies and non-profit organizations. Examples include the City parking garage and parking lots, and some Senior Centers. How much revenue is generated by the parking garage and lots? How much of that revenue does the City receive? Does the City maintain these properties or is maintenance the management company's responsibility? Could the City operate these facilities and make money? Similarly, what are the costs-benefits of retaining City properties operated

by non-profit organizations? Please see discussion under Section 3.16.

- 6.2 Joint-Use Agreements:** Park and Recreation has Joint-Use agreements with the School Districts, typically for the use of sports fields.

Action: An assessment of the number, cost and types of agreements is needed. Identification of all school sites suitable for joint-use would allow us to explore additional agreements. By using existing school fields, we can increase the availability of recreational opportunities in many neighborhoods. Some joint-use agreements are three party agreements. In most cases, the third party is a private non-profit that will pay for capital improvements in exchange for use of the field or buildings. This is the case for La Jolla Youth, Inc., which maintains playing fields in La Jolla. School sites are also available for community meetings, and we should try to optimize this resource.

Action: Request that City staff work with the IBA to provide a report and recommendations on existing and potential joint-use agreements that will improve recreational and community meeting opportunities.

- 6.3 Library:** Explore the suggestions by City employees in the IBA report including joint regional agreements between the City, County or school districts, creating public-private partnerships to fund library materials, and permitting private companies to operate coffee shops in libraries.

Action: Request that City staff work with the IBA to provide a report and recommendations on joint regional agreements and/or public-private partnerships that will best leverage City resources while maintaining service levels.

- 6.4 Qualcomm:** Qualcomm Stadium continues to operate at a deficit and requires \$11.8 million in TOT funding to support stadium expenditures.

Action: Request City staff to provide recommendations this year on public-private partnerships that would reduce the City's cost to operate Qualcomm.

- 6.5 Volunteers:** Our communities have people who will volunteer to help the City. We have the Retired Senior Volunteer Patrol with the Police Department and the Community Enhancement Program with Neighborhood Code Compliance. We also have multiple boards and commissions that are staffed by volunteers. Is it possible to expand the use of properly trained volunteers to help in City departments such as, but not limited to, Library and Park and Recreation? Is this a meet and confer issue?

Action: Request City staff to comment on the expansion of volunteer opportunities with the City.