



**OFFICE OF COUNCIL PRESIDENT TODD GLORIA
CITY OF SAN DIEGO**

MEMORANDUM

DATE: April 24, 2014
TO: Economic Development and Intergovernmental Relations Committee
FROM: Council President Todd Gloria *Todd Gloria*
SUBJECT: Improving Wages and Working Conditions in San Diego – Update

As requested by the Committee on Economic Development and Intergovernmental Relations, I have been working with the City Attorney's office to prepare and present a DRAFT ordinance to the committee at your April 30, 2014 meeting.

The attached proposition includes two elements. It proposes five earned sick days per year be provided to workers in San Diego based upon hours worked. It also proposes a minimum wage of \$13.09 per hour, which would be implemented over a three year period starting in July 2015.

The current minimum wage in California is \$8.00, which will increase to \$9.00 on July 1, 2014 and to \$10.00 in January 1, 2016. If the proposed measure is approved, San Diego's minimum wage would be \$11.09 in July 2015, \$12.09 in July 2016, and reach \$13.09 in July 2017. It would then be indexed to account for future inflation starting January 1, 2018.

While we continue to work with the City Attorney's office through the process, I am happy to present the committee with a sound policy from which to continue our discussion and further engage the public and stakeholders in this dialogue. I would request further committee input and direction on the proposition and for the committee to allow my office to continue to work with the City Attorney's office in order to return to the June 11, 2014 ED&IR Committee meeting for recommendation of final approval for placement on the November 2014 ballot by the City Council.

Attachment

cc: Honorable Mayor Kevin Faulconer
Honorable City Councilmembers
Honorable City Attorney Jan Goldsmith
Andrea Tevlin, Independent Budget Analyst
Liz Maland, City Clerk

PROPOSITION

AN ORDINANCE OF THE PEOPLE OF THE CITY OF SAN DIEGO AMENDING THE SAN DIEGO MUNICIPAL CODE BY AMENDING CHAPTER 2, ARTICLE 2, TO ADD DIVISION 46, SECTIONS 22.4601 THROUGH 22.4619, RELATING TO THE EARNED SICK LEAVE AND MINIMUM WAGE TO BE PROVIDED TO EMPLOYEES WORKING IN THE CITY OF SAN DIEGO.

WHEREAS, to safeguard the public welfare, health, safety, and prosperity of the people in the City of San Diego, it is essential that working persons earn wages that ensure a decent and healthy life; and

WHEREAS, a number of San Diego families live below the poverty level, and many who are employed do not earn sufficient wages to be self-sufficient and do not accrue sick leave; and

WHEREAS, when businesses do not pay a livable wage or allow workers to earn and use sick leave, the community and taxpayers bear associated costs in the form of increased demand for taxpayer-funded services including homeless shelters and other social services and community-based services; and

WHEREAS, most workers at some time during each year need limited time off from work to take care of their own health needs or the health needs of members of their families; and

WHEREAS, guaranteeing San Diego workers the right to earned sick leave will reduce recovery time from illnesses, promote the use of regular medical providers rather than hospital emergency departments, and reduce the likelihood of people spreading illness to other members of the workforce and to the public; and

WHEREAS, an increase in the minimum wage paid to employees and five annual days of sick leave could potentially increase workplace productivity, save costs through reduced

employee turnover, boost income for families, restore work/family balance, boost the local tax base through increased purchasing power by workers, and reduce certain health care costs;

NOW, THEREFORE,

BE IT ORDAINED, by the People of the City of San Diego:

Section 1. That Chapter 2, Article 2, of the San Diego Municipal Code is amended by adding Division 46, Sections 22.4601 through 22.4617, to read as follows:

Division 46: City of San Diego Earned Sick Leave and Minimum Wage Ordinance

§22.4601 Purpose and Intent

This Division ensures that employers in the *City* pay a livable minimum wage and provide their employees with the right to take earned, paid sick leave. By enabling more employees to support and care for their families through their own efforts and with less need for financial assistance from the government, and by protecting the rights of employees to care for their health and the health of their family members, the *City* can safeguard the general welfare, health, safety and prosperity of all San Diegans.

[Recommendation: Include only first paragraph in codified sections of the ordinance.]

It is the purpose and intent in enacting this Division that San Diego workers be guaranteed the right to take earned sick leave. Most employees will at some time during each year need limited time off from work to take care of their own health needs or the health needs of members of their families. Guaranteeing employees earned sick leave will reduce recovery time from illnesses, promote the use of regular medical providers rather than hospital emergency departments, and reduce the likelihood of workers spreading illness to other members of the workforce and to the public.

It is also the purpose in enacting this Division to ensure that employees working in the *City* earn wages that ensure a decent and healthy life for themselves and their families. When employers do not pay a livable wage, the surrounding community and taxpayers bear costs in the form of increased demand for taxpayer-funded services, including homeless shelters. Jobs paying a decent wage will ensure a more stable workforce for the *City*, increase consumer income, decrease poverty, and invigorate neighborhood business.

§22.4602 Citation

This Division shall be cited as the City of San Diego Earned Sick Leave and Minimum Wage Ordinance.

§22.4603 Authority

This Division is adopted pursuant to the powers vested in the *City* under the Constitution and the laws of the State of California, including, but not limited to, the police powers vested in the *City* pursuant to Article XI, Section 7 of the California Constitution and Section 1205(b) of the California Labor Code.

§22.4604 Definitions

Each word or phrase defined in this Division appears in the text of this Division in italicized letters. To the extent that a federal, state, or other law is referenced within this Division, the citation includes and incorporates the law as it may be amended or renumbered in the future. For purposes of this Division, the following definitions apply:

Benefit Year means a regular and consecutive twelve-month period, as determined by an *Employer*.

Child means a biological, adopted, or foster child; a stepchild; a legal ward; a child of a *Domestic Partner*; or a child of an *Employee* standing in loco parentis.

City means the City of San Diego.

City Council means the Council of the City of San Diego.

Domestic Partners mean two adults in a relationship recognized by the State of California by filing as domestic partners under California Family Code section 297, and who have registered as domestic partners with a governmental entity pursuant to state or local law authorizing such registration, or with an internal registry maintained by the employer of at least one of the domestic partners.

Domestic Violence means “domestic violence” as defined in California Penal Code section 13700.

Earned Sick Leave means accrued increments of compensated leave provided by an *Employer* to an *Employee* as a benefit of the employment for use by the *Employee* during an absence from the employment because of a qualifying medical condition or event, as specified in Section

22.4606. *Earned Sick Leave* does not include any benefit provided under an employee welfare benefit plan subject to the federal Employee Retirement Income Security Act of 1974 (Public Law 93-406, as amended) and does not include any insurance benefit, workers' compensation benefit, unemployment compensation disability benefit, or benefit not payable from the *Employer's* general assets.

Employee means any person who:

- (a) In a calendar week performs at least two hours of work within the geographic boundaries of the *City* for an *Employer*; and

[Note: Legal research is needed regarding whether there are federal or state law issues related to placing requirements on an employer, located outside of the City of San Diego, regarding pay for an employee for work performed in the City.]

- (b) Qualifies as an employee entitled to payment of a minimum wage from any employer under the California minimum wage law, as provided under Section 1197 of the California Labor Code and wage orders published by the California Industrial Welfare Commission, or is a participant in a Welfare-to-Work Program. *Employee* does not include any person who is authorized to be employed at less than the minimum wage under a special license issued under California Labor Code Sections 1191 or 1191.5; any person employed under a publicly subsidized summer or short-term youth employment program, such as the San Diego County Urban Corps Program; or any student employee, camp counselor, or program counselor of an organized camp as defined in California Labor Code Section 1182.4.

Employer means any person or persons, as defined in Section 18 of the California Labor Code, who exercises control over the wages, hours, or working conditions of any *Employee*, or suffers or permits the *Employee* to work, or engages the *Employee*. *Employer* does not include a person receiving services under the California In-Home Supportive Services program pursuant to Welfare and Institutions Code Sections 12300, or a person employing an independent contractor within the meaning of California Labor Code Section 3353.

[Note: A policy determination is needed on how broadly to define Employer. Generally, California's wage and hour laws (e.g., minimum wage, overtime, meal periods, rest breaks, etc.) do not cover independent contractors. Further legal research may be needed depending on how broadly the ordinance defines Employer.]

Enforcement Office means the *City Department* or *Office* that the *City Council* designates to enforce this Division.

Family Member means a *Child, Spouse, Parent*, grandparent, grandchild, *Sibling*, or the *Child* or *Parent* of a *Spouse*.

Health Care Provider means any person licensed under federal or California state law to provide medical or emergency services, including, but not limited to, doctors, nurses and emergency room personnel.

Minimum Wage means an hourly minimum rate to be paid to *Employees*, as defined in Section 22.4607 of this Division.

Parent means a biological, foster, or adoptive parent; a step-parent; a legal guardian; or a person who stood in loco parentis when the *Employee* was a minor child.

Public Health Emergency means a state of emergency declared by the *City*, the *Governor* of the State of California, or *U.S. President*.

Retaliation means any threat, discipline, discharge, demotion, suspension, reduction in *Employee* hours, or any other adverse employment action against any *Employee* for exercising or attempting to exercise any right guaranteed under this Division.

Safe Time means time away from work that is necessary due to *Domestic Violence, Sexual Assault, or Stalking*, provided the time is to allow the *Employee* to obtain for the *Employee* or the *Employee's Family member*:

- (a) Medical attention needed to recover from physical or psychological injury or disability caused by *Domestic Violence, Sexual Assault, or Stalking*;
- (b) Services from a victim services organization;
- (c) Psychological or other counseling;
- (d) Relocation due to the *Domestic Violence, Sexual Assault, or Stalking*; or
- (e) Legal services, including preparing for or participating in any civil or criminal legal proceeding related to or resulting from the *Domestic Violence, Sexual Assault, or Stalking*.

Sexual Assault means "rape" as defined in California Penal Code section 261 or "sexual battery" as defined by California Penal Code section 243.4.

Sibling means a brother or sister, whether related through half blood, whole blood, or adoption, or one who is a step-sibling.

Spouse means a person to whom an *Employee* is legally married under the laws of the State of California, or the *Employee's Domestic Partner*.

Stalking means the unlawful conduct described in California Penal Code section 646.9.

Welfare-to-Work Program means the CalWORKS Program, County Adult Assistance Program (CAAP), which includes the Personal Assisted Employment Services (PAES) Program, and General Assistance Program, and any successor programs.

§22.4605

Accrual of Earned Sick Leave

- (a) *Employers* must provide *Earned Sick Leave* to their *Employees* in accordance with this Division.
- (b) *Employers* must provide an *Employee* with one hour of *Earned Sick Leave* for every thirty hours worked by the *Employee* within the geographic boundaries of the City, but *Employers* are not required to provide an *Employee* with *Earned Sick Leave* in less than one-hour increments for a fraction of an hour worked. *Employers* are also not required to provide more than forty hours of *Earned Sick Leave* to an *Employee* in a *Benefit Year*. *Earned Sick Leave* must be compensated at the same hourly rate or other measure of compensation as the *Employee* earns from his or her employment at the time the *Employee* uses the *Earned Sick Leave*.
- (c) An *Employer* required to provide *Earned Sick Leave* pursuant to this Division who provides an *Employee* with an amount of paid leave, including paid time-off, paid vacation, or paid personal days sufficient to meet the requirements of this section, and who allows such paid leave to be used for the same purposes and under the same conditions as *Earned Sick Leave* required pursuant to this Division, is not required to provide additional *Earned Sick Leave* to such *Employee*.
- (d) *Earned Sick Leave* begins to accrue at the commencement of employment or on April 1, 2015, whichever is later, and an *Employee* is entitled to begin using *Earned Sick Leave* on the ninetieth calendar day following commencement of his or her employment or on July 1, 2015, whichever is later. After the ninetieth calendar day of employment or after July 1, 2015, whichever is later, such *Employee* may use *Earned Sick Leave* as it is accrued.

- (e) *Employees* who are not covered by the overtime requirements of federal and state law or regulations are assumed to work forty hours in each work week for purposes of *Earned Sick Leave* accrual unless their regular work week is less than forty hours, in which case *Earned Sick Leave* accrues based upon that regular work week.
- (f) *Employees* may determine how much *Earned Sick Leave* they need to use, provided that *Employers* may set a reasonable minimum increment for the use of *Earned Sick Leave* not to exceed two hours.
- (g) Unused *Earned Sick Leave* must be carried over to the following *Benefit Year* but no *Employer* is required to allow the use of more than forty hours of *Earned Sick Leave* in a *Benefit Year*.
- (h) If an *Employee* is transferred to a separate division, entity, or location in the *City*, but remains employed by the same *Employer*, such *Employee* is entitled to all *Earned Sick Leave* accrued at the prior division, entity or location and is entitled to retain or use all *Earned Sick Leave* as provided pursuant to the provisions of this Division. When there is a separation from employment and the *Employee* is rehired within six months of separation by the same *Employer*, previously accrued *Earned Sick Leave* that was not used shall be reinstated and such *Employee* shall be entitled to use such accrued *Earned Sick Leave*.

§22.4606

Use of Earned Sick Leave

- (a) An *Employee* may use *Earned Sick Leave* for any of the following reasons:
 - (1) The *Employee* is physically or mentally unable to perform his or her duties due to illness, injury, or a medical condition of the *Employee*.
 - (2) The absence is for the purpose of obtaining professional diagnosis or treatment for a medical condition of the *Employee*.
 - (3) The absence is for other medical reasons of the *Employee*, such as pregnancy or obtaining a physical examination.
 - (4) The *Employee* is providing care or assistance to a *Family Member*, with an illness, injury, or medical condition, including assistance in obtaining professional diagnosis or treatment of a medical condition.
 - (5) The *Employee*'s absence is for the *Employee*'s use of *Safe Time*.

- (6) The *Employee's* place of business is closed by order of a public official due to a *Public Health Emergency*, or the *Employee* is providing care or assistance to a *Child*, whose school or child care provider is closed by order of a public official due to a *Public Health Emergency*.
- (b) An *Employer* may require reasonable notice of the need to use *Earned Sick Leave*. Where the need is foreseeable, an *Employer* may require reasonable advance notice of the intention to use such *Earned Sick Leave*, not to exceed seven days notice prior to the date such *Earned Sick Leave* is to begin. Where the need is not foreseeable, an *Employer* may require an *Employee* to provide notice of the need for the use of *Earned Sick Leave* as soon as practicable.
- (c) For an absence of more than three consecutive work days, an *Employer* may require reasonable documentation that the use of *Earned Sick Leave* was authorized by subsection (a) of this Section. Documentation signed by a licensed *Health Care Provider* indicating the need for the amount of *Earned Sick Leave* taken must be considered reasonable documentation and an *Employer* may not require that the documentation specify the nature of the *Employee's* or the *Employee's Family Member's* injury, illness, or medical condition.
- (d) An *Employer* must not require an *Employee*, as a condition of taking *Earned Sick Leave*, to search for or find a replacement worker to cover the hours during which such *Employee* is using *Earned Sick Leave*.

§22.4607 Minimum Wage

- (a) *Employers* must pay *Employees* no less than the *Minimum Wage* set forth in this Section for each hour worked within the geographic boundaries of the *City*.
- (b) The *Minimum Wage* is an hourly rate defined as follows:
- (1) Starting July 1, 2015, the *Minimum Wage* is \$11.09.
 - (2) Starting July 1, 2016, the *Minimum Wage* is \$12.09.
 - (3) Starting July 1, 2017, the *Minimum Wage* is \$13.09.
 - (4) Starting January 1, 2018, and each year thereafter, the *Minimum Wage* increases by an amount corresponding to the prior year's increase, if any, in the cost of living. The prior year's increase in the cost of living is measured by the percentage increase, if any, as of August of the immediately preceding year over the level as of

August of the previous year of the Consumer Price Index (Urban Wage Earners and Clerical Workers, U.S. City Average for All Items) or its successor index as published by the U.S. Department of Labor or its successor agency, with the amount of the minimum wage increase rounded to the nearest multiple of five cents. The adjusted *Minimum Wage* will be announced by the *City* by October 1 of each year, and will become effective as the new *Minimum Wage* on January 1 of the succeeding year. The adjusted *Minimum Wage* will be noticed and posted as set forth in this Division.

(5) In the event that the California or federal minimum wage is increased above the level of the *Minimum Wage* in force under this Section, the *Minimum Wage* under this Section will be increased to match the higher California or federal wage, effective on the same date as the increase in the California or federal minimum wage takes effect.

(c) An *Employer* that meets the requirements to claim a credit against the California minimum wage under California Labor Code Section 1197 and wage orders published by the California Industrial Welfare Commission for meals or lodging provided to *Employees* may claim a credit in the same amount against the *Minimum Wage* required under this Section.

§22.4608

Notice and Posting

(a) The bulletin and notices specified in this Section will be published by the *City* and made available to *Employers* in English, Spanish, and any other language for which the San Diego County Registrar of Voters provides translated ballot materials pursuant to section 203 of the federal Voting Rights Act. The materials specified in this Section will be made available to *Employers* by April 1 in 2015, 2016, and 2017; by October 1 in 2018; and by October 1 of each year thereafter:

(1) A bulletin announcing the adjusted *Minimum Wage* for the upcoming year and its effective date.

(2) A notice for *Employers* to post in the workplace informing *Employees* of the current *Minimum Wage* and of their rights to the *Minimum Wage* and *Earned Sick Leave*, including information about the accrual and use of *Earned Sick Leave*, the right to be free from *Retaliation*, and the right to file a complaint with the *Enforcement Office* or a court of competent jurisdiction.

(3) A template notice suitable for use by *Employers* in compliance with this Section.

- (b) Every *Employer* must post in a conspicuous place at any workplace or job site where any *Employee* works the notice published each year by the *City* informing *Employees* of the current *Minimum Wage* and of their rights to the *Minimum Wage* and *Earned Sick Leave* under this Division. Every *Employer* must post this notice in the workplace or on the job site in English and any other language that is referenced in subsection (a) and spoken by at least five percent of the *Employees* at the *Employee's* job site.
- (c) Every *Employer* must also provide each *Employee* at the time of hire, or by April 1, 2015, whichever is later, written notice of the *Employer's* name, address, and telephone number and the *Employer's* requirements under this Division. The notice must be provided to the *Employee* in English and in the *Employee's* primary language, if it is a language referenced in subsection (a) and spoken by at least five percent of the *Employees* at the *Employee's* job site.

[Subsection (c) may be difficult to enforce, and it seems inapplicable to employees who are earning benefits greater the requirements of this Division.]

§22.4609 Employer Records

Employers must retain contemporaneous written or electronic records documenting their *Employees' wages* earned and accrual and use of *Earned Sick Leave* for a period of four years, and shall allow the *Enforcement Office* to access such records in furtherance of an investigation conducted pursuant to this Division. An *Employer's* failure to retain contemporaneous written or electronic records documenting its *Employees' accrual* and use of *Earned Sick Leave*, or an *Employer's* failure to grant the *Enforcement Office* reasonable access to such records, shall create a rebuttable presumption that the *Employer* has violated this section and the *Employee's* reasonable estimate regarding hours worked, wages paid, *Earned Sick Leave* accrued, and *Earned Sick Leave* taken shall be relied upon.

[Note: California Labor Code section 1174 requires employers to retain payroll records for three years. Legal research is needed to determine whether this creates an impermissible conflict or other potential legal problems with enforcement.]

§22.4610 Confidentiality and Nondisclosure

No *Employer* may require an *Employee* to disclose details related to the medical condition of the *Employee's* or the *Employee's Family Member* as a condition for using *Earned Sick Leave* under this Division, except where

disclosure is required or authorized by state or federal law. Employers who obtain medical or other personal information about an *Employee* or an *Employee's Family Member* for the purposes of complying with *Earned Sick Leave* requirements of this Division must maintain the confidentiality of the information and must not disclose it, except with the permission of the *Employee* or as required by law.

§22.4611 Retaliation Prohibited

It is unlawful for any *Employer* to engage in *Retaliation* against an *Employee* for exercising any right provided pursuant to this Division. The protections of this Division apply to any *Employee* who reasonably and in good faith reports a violation of this Division to his or her *Employer* or a governmental agency tasked with overseeing the enforcement of any wage and hour law applicable to the *Employer*. Rights under this Division include, but are not limited to, the right to request payment of the *Minimum Wage*, request and use *Earned Sick Leave*, file a complaint for alleged violations of this Division with the *Enforcement Office* or in court, communicate with any person about any violation or alleged violation of this Division, participate in any administrative or judicial action regarding an alleged violation of this Division, or inform any person of his or her potential rights under this Division.

§22.4612 Implementation, Enforcement, and Remedies

[Note: This Section requires additional legal review, including a review of due process issues and whether the penalties are lawful.]

- (a) The *City Council* will designate the *Enforcement Office*.
- (b) The *Enforcement Office* will have full authority to implement and enforce this Division, as set forth in an implementing ordinance to be approved by the *City Council*. The ordinance will establish a system to receive and adjudicate complaints and to order relief in cases of violations.
- (c) The *City* or any person claiming harm from a violation of this Division may bring an action against the *Employer* in court to enforce the provisions of this Division. Persons claiming harm from a violation of this Division shall be entitled to all remedies available to remedy any violation of this Division, including but not limited to back pay, an additional amount equal to double the back pay as liquidated damages, equitable damages for any *Earned Sick Leave* unlawfully denied, reinstatement, and injunctive relief. Violations of this Division are declared to irreparably harm the public and covered *Employees* generally. The court shall award reasonable attorney's fees and costs

to any plaintiff, including the *City*, who prevails in an action to enforce this Division.

- (d) Any Employer, who fails to pay *Minimum Wage* when required by this Division, or who fails to provide *Earned Sick Leave* when required by this Division, shall be subject to a civil penalty of up to, but not to exceed, \$1,000 per violation. Any *Employer*, who fails to comply with the notice and posting requirements of this Division, shall be subject to a civil penalty of \$100 for each day the violation occurs, but not to exceed a total civil penalty of \$ _____ [Need policy recommendation.]
- (e) Violations of this Division may not be prosecuted as a misdemeanor, nor will this Division give rise to any cause of action for damages against the *City* in its enforcement of this Division.
- (f) Submitting a complaint to the *Enforcement Office* is neither a prerequisite for, nor a bar to, bringing a private cause of action.

§22.4613 Consistency with Federal and State Law

- (a) This Division must not be interpreted or applied to create any authority, duty, or requirement in conflict with any federal or state law, rule, or regulation.
- (b) This Division must not be interpreted or applied to impair the rights of any *Employer* or *Employee* under any federal or state collective bargaining procedures binding by law on the *Employer* and *Employees*.

§22.4614 Compliance with Legal Agreements

This Division must not be interpreted to modify any obligation of an *Employer* to comply with any contract, collective bargaining agreement, employment benefit plan, or other agreement providing higher wages or more earned sick leave to an *Employee*.

§22.4615 No Effect on Higher Wages or More Earned Sick Leave

This Division must not be construed to discourage or prohibit an *Employer* from providing higher wages or more earned sick leave to its *Employees*.

§22.4616 Amendment

This Division may be amended by the *City Council* with respect to matters relating to its implementation and enforcement, and to raise the *Minimum*

Wage, and to otherwise expand or strengthen protections for *Employees*, but may not be amended to reduce or limit protections for *Employees*. In the event that any provision of this Division is held legally invalid, the City Council retains the power to adopt legislation concerning the subject matter that was covered in the invalid provision.

§22.4617 Effective Date

This Ordinance shall take effect on January 1, 2015.
[Alternative: This Division shall become operative 90 days after its adoption by the voters at the November 4, 2014 election. This Division shall have prospective effect only.]

END OF PROPOSITION

Section 2. [Duty to Defend provision – under legal review.]

Section 3. [Conflicting Measures provision – under legal review.]

[Election-related provisions, including ballot box language, to be added when Ordinance is final.]

Doc. #772583



**OFFICE OF COUNCIL PRESIDENT TODD GLORIA
COUNCIL DISTRICT THREE**

M E M O R A N D U M

DATE: May 23, 2014

TO: Andrea Tevlin, Independent Budget Analyst

FROM: Council President Todd Gloria, Third Council District *Todd Gloria*

SUBJECT: Council District Three Budget Priorities and Revisions to the Fiscal Year 2015 Budget

The following items are my priorities and revisions to the FY 2015 City Budget. Over the last several months, and during our budget review hearings and deliberations, I have heard from community members about what City services they value most. The priorities I offer today are in response to citizen requests and are in line with the budget priorities I have established which champion public safety, job creation and economic development, solutions for ending homelessness, and responsible governance.

First and foremost, I applaud the transparent and collaborative process in the development of the FY 2015 Budget thus far and I thank the Mayor, the Financial Management team, and the Independent Budget Analyst for their roles in facilitating this process. The Mayor's May Revise is a sound proposal that balances many of the wishes of this City Council with responsible fiscal practices. The proposal reflects the City's continued fiscal health, as we begin to restore core City services and meet our target reserve goals.

In particular, I am in full support of the additional funding for our public safety needs including **police helicopter support and brush management**; additional **library hours**; implementation of the Climate Action Plan through funding for a **Sustainability Program Manager**; and an increased commitment to best practices for ending homelessness with funding for **25 triage/assessment beds**. This is another huge step in changing the way that the City funds homeless services and I thank the Mayor for his support of my \$1.9 million plan for homelessness solutions in line with the housing first model.

I am also pleased to see the commitment of \$300,000 for **Civic San Diego** to develop reuse opportunities for the old Central Library and for the formation of a Public-Private Partnership Transit Oriented Development Fund with an emphasis on affordable housing, retail/commercial, infrastructure, economic growth and social benefits. It is my belief that this allocation will allow Civic to bring proven economic development tools and innovative financing sources to communities where there has been a historic lack of investment.

FY 2015 BUDGET REVISIONS

- **Urban Forestry Program/Citywide Tree Maintenance:** Over the years, as the City faced budget woes, trimming of trees in the public right of way was one of the services eliminated. This has proven to be problematic, and often, a public safety matter in my Council District. Funding for a Citywide Urban Forestry Program and uniform maintenance of trees on public property should be included in the FY 2015 Budget. This includes an Urban Forestry Coordinator position, requiring about **\$150,000** in personnel and related non-personnel expenses, and an additional **\$100,000** for Citywide tree maintenance.
- **Living Wage Ordinance Program Staffing:** Since inception, the Living Wage Ordinance (LWO) Program has not been optimally staffed, and efficient administration of the proposed program amendment requires expanded monitoring. Adequate staffing for the LWO Program should include the addition of a Program Manager and a Senior Management Analyst at a fully loaded cost of **\$230,000**. Some cost recovery may be achieved through assessment and collection of fines for violations. However, such monies must be deposited in the General Fund and cannot provide direct support for LWO Program staffing.
- **Libraries:** As an advocate for libraries and the transformational value they bring to our communities, I am extremely supportive of the increase in library hours that this Budget proposes. However, I am concerned that we are still not committing 6.0% of our General Fund to the Library Department as outlined in the City's Library Ordinance. With potential new revenue from a 5% property tax increase, I would like to see a greater increase to hours at the Central Library @ Joan ^ Irwin Jacobs Common to ensure that after years of waiting and significant public and private investment, the public has greater access to all the library has to offer. Given that the current FY 2015 Budget projects a cost of \$1.5 million to increase branch libraries by four hours per week and Central Library hours by five hours per week, I have estimated the additional cost of increasing Central Library hours by 7 hours per week (from 54 to 61 hours) at approximately **\$1 to \$1.2 million**. I request that the Library Department Director continue to work with the Independent Budget Analyst to provide further clarity on a cost estimate. Finally, while I certainly support youth programs and believe that libraries are a resource to expand access to education, I am concerned that a \$500,000 reduction in the materials budget will have an impact on the ability to leverage public dollars for private donations to our library system. If the "Do Your Homework at the Library" program continues in the next fiscal year, I would strongly recommend that other sources of funding be identified.
- **Pacific Breezes Community Park:** This project constructs a long overdue community park in Ocean View Hills that includes lighted softball fields, playground areas, a comfort station, concession stand, storage, off-street parking, turf areas, picnic shelters, benches, a drinking fountain and storm water detention areas. This project is shovel ready and incremental or partial funding could allow it to move forward to construction. It is my hope the Mayor and District 8 can continue to discuss how to best move the project forward to completion.
- **Penny for the Arts:** The percentage of TOT dedicated to Arts and Culture will go down to 5.6% under the proposed budget, compared to 5.7% in FY 2014. While I recognize we are unable to fund the full blueprint amount, I would like to see an upward trajectory in the spirit of the Penny for the Arts Blueprint. To bring Arts funding up to 5.7% would be an additional **\$128,000** from the FY 2015 TOT revenue increase. In response to overwhelming community support, I encourage that additional increment be appropriated to the San Diego Opera, or

recommend that the Arts and Culture Board revisit their recommendation and bring forward a new one that would increase the City's funding commitment to the San Diego Opera.

FY 2015 ADDITIONAL REVENUE SOURCES

- **Public Facilities Financing Plans:** The City's Capital Improvements Program hinges on effective Public Facilities Financing Plans (PFFP). I request that updated PFFPs be brought forward for Council consideration as early as possible in this fiscal year. Approval of these plan updates could result in additional revenue for critical neighborhood infrastructure projects and also increase their reimbursement of administrative expenses from Development Impact Fees.
- **General Fund User Fee Policy:** 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 process. I urge the Mayor to adhere to this practice and bring forward the policy early in the fiscal year. Annual inflationary or other technical adjustments to fees should be considered each year as part of the budget process. The City must achieve 100% cost recovery for programs and services that are intended to be fully cost recoverable through fees.
- **Fill Existing, Already Budgeted Vacancies:** We must provide adequate workforce and staffing levels as necessary to meet our obligations and deliver core City services. For the first time, the FY 2014 First Quarter Budget Monitoring Report provided a list of current vacant budgeted positions for General Fund Departments and non-general funds. The City must aggressively fill these identified vacancies and find efficiencies in the recruitment process to ensure that the workforce is staffed at budgeted levels. Proper staffing will result in higher quality service delivery and overall performance. I would further recommend that staff explore and bring forward specific personnel reforms in the coming fiscal year to the Budget and Government Efficiency Committee, in response to discussions at the Budget Review Committee.
- **Encourage Corporate Sponsorships and Public-Private Partnerships:** The City should continue to explore innovative ways and revisit existing codes and policies in order to encourage the private industry to partner with the City. These partnerships are sure to benefit our taxpayers and strengthen our General Fund.

Thank you for your guidance in consolidating my priorities and the critical role you play in helping this Council to review and analyze the information presented to us throughout the budget process and throughout the year. I look forward to working with you, my Council colleagues, the Mayor, and the public to develop a balanced FY 2015 budget.

FY 2015 BUDGET ADJUSTMENTS

Ongoing Uses

Urban Forestry/Citywide Tree Maintenance	\$250,000
Living Wage Ordinance Program Staffing	\$230,000
Additional Library Hours	\$1,000,000

Ongoing Sources

Email Retention Policy	\$500,000
5% Property Tax Increase	\$1,000,000
	<hr/>
	\$20,000

TG:jl



**COUNCIL PRESIDENT TODD GLORIA
CITY OF SAN DIEGO**

MEMORANDUM

DATE: May 16, 2014
TO: Honorable Councilmembers
FROM: Council President Todd Gloria 
Chair, Budget & Government Efficiency Committee
SUBJECT: Call for Budget Priorities and Revisions to the Fiscal Year 2015 Budget

Thank you for your active participation in this year's budget process. Our discussions during the Budget Review Committee the hearings have provided us with a greater understanding of the Mayor's FY2015 budget proposal, and I look forward to continuing to work with each of you to deliver a balanced and responsible budget to our citizens.

Now that the departmental hearings have concluded, and in order to facilitate the Council's adoption of budget recommendations, **I am requesting that each Councilmember submit directly to Independent Budget Analyst Andrea Tevlin by close of business on Friday, May 23, 2014, a memo outlining top priorities, budget amendments, service/program restorations and other goals for inclusion in the FY2015 budget.** Your response to this request will allow the IBA to develop a final report on recommended changes to the Mayor's proposed budget—a report that will ultimately guide the Council regarding next year's funding priorities.

As we continue the Fiscal Year 2015 budget development process, I encourage us to be cautious and again keep an eye toward fiscal restraint. As your Budget Chairman, it is my priority that we deliver a budget that maintains and protect core City services provided to our citizens, prioritizes public safety and infrastructure, and has no service level reductions.

The City's Budget Policy should also be kept in mind. For any proposed service restorations or service level enhancements, please identify corresponding funding sources and uses. Potential new revenue sources are also encouraged, and implementation of holistic, long-term remedies is favored over short-term funding sources to fund ongoing expenses.

I look forward to working with you, the Mayor, and our neighbors to develop a balanced budget for Fiscal Year 2015 and I am confident that we will once again join together to establish a solid and responsible spending plan reflective of true community priorities for FY2015. **Again, please submit your budget priorities memo directly to IBA Andrea Tevlin by close of business on Friday, May 23, 2014. DO NOT mass distribute or copy your Council colleagues on your correspondence at this time.** You may also feel free to contact my Committee Consultant, Jessica Lawrence, at (619) 236-7787 about the requested memorandum and/or any matter concerning the Committee.

For your information, I am providing you with the remaining FY2015 key budget process dates:

Tuesday, May 20, 2014	Mayor Issues FY 2014 Year-End Budget Monitoring Report and FY 2015 Recommended Revisions Report (May Revise).
Wednesday, May 21, 2014	Budget Review Committee reviews 2015 May Revise and FY 2014 Year- End Budget Monitoring Report (first public hearing).
Friday, May 23, 2014	City Council budget memos due to IBA.
Wednesday, June 4, 2014	Independent Budget Analyst's final report issued on recommendations to the Mayor's budget.
Monday, June 9, 2014	City Council decisions on Final Budget Modifications (second public hearing – adoption of Budget Resolution) and City Council approval of FY 2014 Year-End Budget Monitoring Report. Per City Charter, budget adoption is required no later than June 15.
<i>Tuesday, June 10, 2014</i>	<i>Available for additional Council decisions and final budget adoption (if needed).</i>
Tuesday, June 10 - Wednesday, June 11, 2014	City Clerk to transmit resolution to Mayor within 48 hours of passage.
Wednesday, June 11, 2014	Mayor's veto period begins (five business days).
Tuesday, June 17, 2014	Mayor's veto period ends. If appropriate, Council has five business days to override Mayor's veto.
Monday, July 14, 2014	City Council Adoption of Tax Rate Ordinance per City Charter August 31 deadline.
Wednesday, July 16, 2014	Budget and Finance Committee review of Appropriation Ordinance.
Monday, July 21, 2014	City Council introduces and adopts Appropriation Ordinance.

cc: Mayor Kevin Faulconer
Andrea Tevlin, Independent Budget Analyst
Scott Chadwick, Chief Operating Officer
Mary Lewis, Chief Financial Officer
Tracy McCraner, Financial Management Director
Brian Pepin, Mayor's Office



**COUNCIL PRESIDENT TODD GLORIA
CITY OF SAN DIEGO**

M E M O R A N D U M

DATE: January 6, 2014
TO: Honorable Councilmembers
FROM: Council President Todd Gloria
Chair, Budget & Government Efficiency Committee
SUBJECT: Call for Fiscal Year 2015 Budget Priorities

As I continue chairing the City Council's Budget and Government Efficiency Committee, I look forward to working with each of you to deliver a balanced and responsible budget to our citizens.

Charter § 265(b)(14) requires the Mayor to propose a budget to the City Council and the public by April 15 of each year. The City Council will then hold a series of public hearings prior to adopting or modifying the budget and returning it to the Mayor. Before the start of that process, the City Council will formally adopt, by resolution, its budgetary priorities for submission to the Mayor.

As we begin the Fiscal Year 2015 budget process, I encourage us to be cautious and again keep an eye toward fiscal restraint. It is essential that we maintain and protect core City services provided to our citizens, while developing additional long term solutions to address the projected deficit outlined in the most recent Five-Year Financial Outlook.

In order to facilitate the Council's adoption of recommendations for the Mayor to consider, **I ask that each Councilmember submit a list of budget priorities to Independent Budget Analyst Andrea Tevlin no later than the close of business on Friday, January 17, 2014.**

Your response to this request will allow the IBA to develop a report that will ultimately guide the development of the Council's Budget Priorities Resolution. A draft Budget Priorities Resolution will be considered by the Committee on January 29 and ultimately be voted upon by the City Council on February 4.

I ask that we all keep in mind the additional detail that was made available in this year's Five-Year Financial Outlook, as well as the IBA's review of this important document. This report is much more user friendly, comprehensive, and above all, transparent, which we hope will be very helpful in writing these Budget Priority Memos. Please include the same level of detail outlined in these reports, and reference specific dollar amounts where provided. In addition, please include information on priorities that may not have been included in the Outlook or IBA analysis. In particular, prioritization of federal, state, and local mandates, and specifically our public safety dollars, will be critical to making the tough spending decisions necessary for implementing a balanced budget.

The City's Budget Policy should also be kept in mind; for any proposed service restorations, please identify corresponding funding sources and uses. Potential new revenue sources are also encouraged; implementation of holistic, long-term remedies is favored over short-term funding sources to fund ongoing expenses. We have a lot of hard work and difficult decision-making ahead of us as we move through the process. I have great confidence that we will join together to continue to strengthen the fiscal integrity in our City.

I look forward to working with you, the management team, and our neighbors to develop a balanced budget for Fiscal Year 2015, and I urge us all to consider these critical issues as we consider policy commitments throughout the year.

Again, please submit your priorities to the IBA by close of business on Friday, January 17, 2014. Please send your memos directly to the IBA. DO NOT mass distribute or copy your Council colleagues on your correspondence at this time. You may also feel free to contact my Committee Consultant, Jessica Lawrence, at (619) 236-7787 about the requested memorandum and/or any matter concerning the Committee.

TG:jl

Electronic references:

1. Fiscal Year 2015 – 2019 Five-Year Financial Outlook; http://www.sandiego.gov/fm/pdf/fy15_5year.pdf
2. IBA's Review of the Interim Mayor's Financial Outlook for FY 2015 – 2019; <http://www.sandiego.gov/iba/reports/reports13.shtml>
3. Fiscal Year 2015 Budget Process Key Dates; <http://www.sandiego.gov/iba/pdf/fy2015.pdf>
4. City's Budget Policy; <http://www.sandiego.gov/fm/pdf/BudgetPolicy.pdf>

cc: Andrea Tevlin, Independent Budget Analyst
Scott Chadwick, Chief Operating Officer
Mary Lewis, Chief Financial Officer