

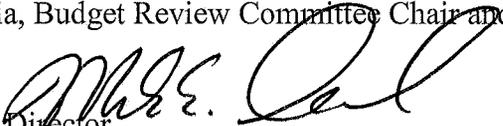


THE CITY OF SAN DIEGO

MEMORANDUM

DATE: May 11, 2012

TO: Honorable Councilmember Todd Gloria, Budget Review Committee Chair and
Budget Review Committee Members

FROM: Mark Leonard, Financial Management Director 

SUBJECT: Fiscal Year 2013 Budget Review Committee Referral Response

This memorandum is in response to questions asked at the Review Committee Meeting held on May 2, 2012. The responses are listed by department in the order that they were reviewed by the Committee.

IBA REPORT

COUNCIL DISTRICT 8

QUESTION:

What was the base used for revenue calculations?

RESPONSE:

The Fiscal Year 2013 Proposed Budget amounts for the four major General Fund revenue sources (Property Tax, Sales Tax, Transient Occupancy Tax (TOT) and Franchise Fees) were established using the most up-to-date revenue projection as of March 2012.

QUESTION:

What would increased output be with regards to deferred capital if one more position were to be hired?

RESPONSE:

The impact of a single position would be minimal. It is anticipated that with the addition of the 5 new positions that are requested for Fiscal Year 2013, in addition to the efficiencies gained through the recent CIP Streamlining Efforts approved by City Council, that Public Works Engineering & Capital Projects will have enough resources to execute the CIP portion of the Deferred Capital Program up to the quantities expressed in the Status Quo Service Level.

QUESTION:

What would the costs be to update every Community Plan Update? Please provide a matrix.

RESPONSE:

The DSD/City Planning Division currently has 10 community plan updates and one major community plan amendment in process which will be completed over the next three years. A schedule for future plan updates has not been determined. However, based on experience to date, future plan updates are anticipated to cost between \$2.0 to \$3.0 million and take 36 months to complete. Please see **Attachment 1** for the status of the community plan updates, including the cost estimated for each.

FIRE

COUNCIL DISTRICT 1

QUESTION:

Could unclaimed funds be used to pay for lifeguard training and wellness?

RESPONSE:

Unclaimed funds that have escheated to the General Fund are unrestricted and can be used for any purpose.

QUESTION:

Can TOT fund balance be used for lifeguard training, Neil Good Day Center or lifeguard wellness?

RESPONSE:

The San Diego Municipal Code requires that 4 cents of the 10.5 cent TOT be used exclusively for the purpose of promoting the City of San Diego as a tourism destination. City Council Policy 100-03 provides more specific guidance on the purpose and appropriate uses of this revenue. Among those purposes is "to provide supplemental funding for public safety and the maintenance of visitor-related facilities." If the City Council finds that lifeguard training and wellness meets this purpose or another purpose enunciated in CP 100-03, TOT special promotion funds could be used to fund those activities.

The Neil Good Day Center is not a City of San Diego program and would not qualify for TOT funding in the same way that a budgeted City expense would. There are alternate methods for outside organizations, such as the Neil Good Day Center, to apply for TOT Funds. Outside organizations would need to qualify for funding through either: 1) the Arts and Culture application process or 2) the Economic Development Tourism Support application process.

However, caution should be exercised with the use of the \$10.7 million fund balance. As mentioned during the budget hearings, it is unknown at this time the full budget impact resulting from the dissolution of the Redevelopment Agency. The \$10.7 million TOT fund balance could be used to mitigate any potential revenue shortfalls resulting from the State's determination on the validity of existing Redevelopment Agency payments, specifically payments made to the City for debt service on PETCO Park and the Convention Center Expansion which totals \$13.8 million in Fiscal Year 2013.

COUNCIL DISTRICT 8

QUESTION:

Would it more cost effective to cash purchase a fire boat rather than lease purchase it? Provide the difference in cash versus lease purchase amount over the appropriate period of time.

RESPONSE:

Obtaining the three lifeguard vessels (one fireboat and two surf rescue boats) through a cash purchase is more cost effective than through a lease-purchase option. If the City were to purchase the three vessels with cash, the City would pay \$1,314,550 in Fiscal Year 2013. This is approximately \$69,712 less than if the City were to utilize the 7-year lease-purchase option. At the end of the 7-year term, including interest, the City would anticipate paying \$1,384,262 for the three vessels under the Lease-Purchase plan. However, the City would have to pay \$1.3 million up front in Fiscal Year 2013 if the cash option is selected as opposed to \$184,245 annually for seven years in addition to the one-time sales tax payment. The lease-purchase option is therefore a much more affordable option on an annual basis.

QUESTION:

How are vacancy savings and overtime balanced for the Fire-Rescue Department?

RESPONSE:

As discussed at the budget hearing as well as what has been conveyed in the Financial Management's Mid-Year Report, overtime is intended to be offset by savings in salary and fringe benefits in accordance with the constant staffing budgeting model utilized by the Fire-Rescue Department. The entire personnel expenditures category must be considered when evaluating overtime expenditures, as the use of overtime to constant staff vacancies results in fringe benefit savings in addition to wage savings to the department. Generally, the overtime budget is established to cover operational needs for the fiscal year. However, actual overtime expenditures fluctuate due to vacant positions and the use of leave. When overtime expenditures exceed budget, savings in salaries and fringe from vacancies should mitigate the additional overtime expenditures; however, this has not been the case over the past several years. The projected over budget personnel expenditure in Fiscal Year 2012 is the continuation of a trend over the past several years where overtime expenditures, to meet constant staffing needs, exceed savings from vacancies, resulting in over budgeted personnel expenditures. The adjustment to Fire-Rescue overtime in the Fiscal Year 2013 budget is intended to address this issue.

POLICE

COUNCIL DISTRICT 3

QUESTION:

How many sworn Police staff could potentially be moved back to patrol work?

RESPONSE:

This question is currently being evaluated by the IBA, Police Department and Municipal Employees Association.

PARK & RECREATION

COUNCIL DISTRICT 1

QUESTION:

Please provide more information as to why the IBA Review (of the Fiscal Year 2013 Proposed Budget) states there is a \$1.0 million expense for a neighborhood park in Torrey Hills.

RESPONSE:

The \$1.0 million provides funding for a new CIP project, Torrey Hills Neighborhood Park Development, S13007. Details of the project can be located on page 404 in Volume III of the Fiscal Year 2013 Proposed Budget.

QUESTION:

Are the costs related to implementing the Del Mar Mesa and Carmel Mt. Preserves Resource Management Plan included in the Fiscal Year 2013 Proposed Budget?

RESPONSE:

Yes, the costs for implementing the plans are included in the Proposed Fiscal Year 2013 Budget with existing staff. No additional funding will be requested.

QUESTION:

Council Member Lightner's Fiscal Year 2013 Budget Priorities Memo includes a request to fund a Park Ranger for the San Diegito River Park to make up for City not contributing to the Joint Powers Authority. Is this being considered in the budget? How much would the cost be? Could it be paid for by Environmental Growth Funds or TOT funds?

RESPONSE:

An additional Park Ranger was not included in the Fiscal Year 2013 Proposed Budget. The cost for a Park Ranger is approximately \$80,000 with associated non-personnel expense of \$30,000, for a total cost of \$110,000. Should the City Council propose additional resources for this area, the Park & Recreation Department suggests that monetary contributions be made to the San

Dieguito Joint Powers of Authority in lieu of adding City staff. It should be noted that this land is primarily under the jurisdiction of the Public Utilities Department.

Although the park is not operated and maintained by the City of San Diego, it is partly within the City limits (Rancho Bernardo area). The park promotes the City (or at least some portion of the City of San Diego) as a visitor destination. Therefore, it would appear that the cost of this position would be eligible for TOT reimbursement. In addition, based on the required uses for EGF funds, EGF funds could also be used. As stated in an earlier response, staff recommends that the existing \$10.7 million TOT fund balance be held in reserve pending identification of the impact of the RDA dissolution.

QUESTION:

If trees are taken down in open spaces, are they left in place or removed from the open space area, specifically in regards to the area located on Torrey Pines Road.

RESPONSE:

In general, tree trunks in open space areas will be left in place to return nutrients to the soil. If left, they should not be left such that they create safety issues (e.g., are subject to rolling downhill). Also, only tree trunks in excess of a minimum diameter may be left in a brush management zone. Finally, tree trunks are not left in areas that are visible from public viewing areas.

In order for staff to respond about a particular location on Torrey Pines Road, the Park & Recreation Department would need more detail on the location, as roadside work on Torrey Pines Road may be conducted by various divisions.

COUNCIL DISTRICT 3

QUESTION:

When was the last time the performance measures for the Park & Recreation Department were updated?

RESPONSE:

The performance measures were updated during the Fiscal Year 2013 proposed budget process. Unfortunately, the fiscal year 2013 target for recreation center hours was not updated to include the proposed additional operating hours. This published number of 113,152 will be corrected to 127,712 in the adopted budget document.

COUNCIL DISTRICT 4

QUESTION:

What is the current level of staffing for the Park Ranger at Chollas Lake Park?

Honorable Councilmember Todd Gloria, Budget Review Committee Chair and
Budget Review Committee Members
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RESPONSE:

Currently, there is 1.00 full-time Park Ranger assigned to Chollas Lake Park on Wednesdays through Saturdays. However, the Ranger may not always be present at Chollas Lake Park due to scheduled vacations, attendance at trainings, completion of administrative tasks and support to other parks in Developed Regional parks.

QUESTION:

What would it cost to put infrastructure in for WiFi? What types of funds are available to cover these costs?

RESPONSE:

The estimated cost for installation and maintenance for Wi-Fi at recreation centers can vary widely depending on the type and range of the wireless system. A preliminary review for Wi-Fi at 56 sites estimates include one-time infrastructure costs ranging from \$100,000 to \$300,000 and on-going annual operation and maintenance estimates including one additional Information Systems staff person from \$90,000 to \$200,000. Additional research and individual sites evaluations are needed to provide a more accurate assessment.

The City's Director of Strategic Partnerships is exploring options such as an "opt-in" network provided by an outside company (possibly funded with advertising) which could significantly reduce the City's costs.

The Park and Recreation Department currently has no dedicated funding sources for Wi-Fi.

COUNCIL DISTRICT 5

QUESTION:

Could the Environmental Growth Fund (EGF) 1/3 Fund be used for environmental impact reviews? Are we putting any money aside for environmental reviews or CEQA as it relates to Mission Bay?

RESPONSE:

Charter section 103.1a specifies that the Environmental Growth Fund shall be used exclusively for the purpose of preserving and enhancing the environment of the City of San Diego in whatever manner deemed appropriate by the City Council. The San Diego Municipal Code (SDMC Sec. 63.30) provides more specific direction. Two-thirds of the fund is dedicated to paying the debt service, if any, on bonds issued for acquisition or maintenance for open space and parks. If no bonds are outstanding, the two-thirds must be accumulated for the purpose of funding the acquisition of open space. The one-third portion of the Environmental Growth Fund must be used for the following purposes: open space maintenance, including litter removal; to provide matching funds for acquiring open space; regional park maintenance; and any other purpose consistent with Charter section 103.1a. The requirements of section 63.30 may be waived if the City Manager (Mayor) determines that anticipated revenues on any fiscal year

would be insufficient to maintain existing City services necessary for preserving the environment and a majority of the City Council votes to waive the section.

It is not clear that an environmental impact report is consistent with Charter section 103.1a. To the extent that an EIR is performed and a project is not completed, this would not be consistent with the Charter and any funds expended from the Environmental Growth Fund on such an EIR would need to be repaid to the Environmental Growth Fund, presumably from the General Fund.

COUNCIL DISTRICT 7

QUESTION:

Is the Mission Trails Program eligible for TOT funds?

RESPONSE:

For a program to meet TOT eligibility, the Municipal Code requires that a portion of TOT collected be used for promotion of the City. Based on this requirement, the Mission Trails Program appears to be eligible for TOT reimbursement. Staff recommends the existing \$10.7 million TOT fund balance be held in reserve pending identification of the impact of the RDA dissolution.

QUESTION:

Please provide the costs associated to restore the Kumeyaay Campground? Could this be eligible for TOT funds?

RESPONSE:

The cost to restore the Kumeyaay Campground to its previous service level is approximately \$113,000 (net cost including revenues). This amount includes one Park Ranger and one half-time Recreation Center Director I positions and non-personnel expenses.

For a program to meet TOT eligibility, the Municipal Code requires that a portion of TOT collected be used for promotion of the City. Based on this requirement, the Kumeyaay Campground appears to be eligible for TOT reimbursement. Staff recommends the existing \$10.7 million TOT fund balance be held in reserve pending identification of the impact of the RDA dissolution.

COUNCIL DISTRICT 8

QUESTION:

Could EGF be used as a mechanism to fund infrastructure development needs in our park system? Are there limitations to these types of funds?

RESPONSE:

With respect to infrastructure development, to the extent that such infrastructure is consistent with the purposes of the Environmental Growth Fund as discussed above, the Environmental Growth Fund would be an appropriate source of funds.

LIBRARY

COUNCIL DISTRICT 5

QUESTION:

Where in the Fiscal Year 2013 Proposed Budget are we budgeting the payments (expenditures) and anticipated revenues for the new Central Library?

RESPONSE:

Operating expenditures and donations revenue totaling \$242,599 related to the New Central Library utilities expenses in the operating fund are shown on page 313 in Volume II of the Fiscal Year 2013 Proposed Budget. In addition, individual expenditure amounts are budgeted in Electric, Gas, Water, Sewer, and Contractual Services line items for the Library. Expenditures related to the New Central Library in the Capital Improvements Program are in Volume III of the Fiscal Year 2013 Proposed Budget. The Volume III, CIP budget document, gives a breakdown of the sources of the CIP funding which can be located on page 213.

Mark Leonard/vm

Attachment:

1. City of San Diego Community Plan Update Status

cc: Honorable Mayor Jerry Sanders
Honorable Council Members
Jan I. Goldsmith, City Attorney
Eduardo Luna, City Auditor
Jay M. Goldstone, Chief Operating Officer
Wally Hill, Assistant Chief Operating Officer
Julie Dubick, Chief of Staff
Almis Udrys, Deputy Director of IRD & Fiscal Policy
Andrea Tevlin, Independent Budget Analyst
Amy Gowan, Director of Council Affairs
Scott Chadwick, Labor Relations Director
Chief Javier Mainar, Fire Chief
Chief William Lansdowne, Chief of Police

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Honorable Councilmember Todd Gloria, Budget Review Committee Chair and
Budget Review Committee Members

May 11, 2012

Stacey LoMedico, Park and Recreation Director

Deborah Barrow, Library Director

Kelly Broughton, Director of Development Services Department

Financial Management Staff

City of San Diego Community Plan Update Status

Community Plans	Year Last Updated	Anticipated CPU Completion Date	Update Cost Estimate	Timeline	10+ years since Update	15+ years since Update	20+ years since Update	25+ years since Update	30+ years since Update
Barrio Logan ¹	1978	FY13	\$2.7 million	In Update	X	X	X	X	X
Black Mountain Ranch	1998		\$2 - \$3 million	36 months	X				
Carmel Mountain Ranch	1984		\$2 - \$3 million	36 months	X	X	X	X	
Carmel Valley	1975		\$2 - \$3 million	36 months	X	X	X	X	X
Centre City	2006		\$2 - \$3 million	36 months					
Clairemont Mesa	1989		\$2 - \$3 million	36 months	X	X	X		
College Area	1989		\$2 - \$3 million	36 months	X	X	X		
Del Mar Mesa	2000		\$2 - \$3 million	36 months	X				
East Elliott	1971		\$2 - \$3 million	36 months	X	X	X	X	X
Fairbanks Ranch Country Club	1982		\$2 - \$3 million	36 months	X	X	X	X	X
Greater Golden Hill ¹	1988	FY14	\$3.6 million ²	In Update	X	X	X		
Kearny Mesa	1992		\$2 - \$3 million	36 months	X	X	X		
La Jolla	2003		\$2 - \$3 million	36 months					
Linda Vista	1998		\$2 - \$3 million	36 months	X				
Mid-City Communities (Eastern, City Heights, Normal Heights, Kensington-Talmadge)	1998		\$2 - \$3 million	36 months	X				
Midway Pacific Hwy Corridor ¹	1991	FY14	\$2.4 million ³	In Update	X	X	X		
Mira Mesa	1992		\$2 - \$3 million	36 months	X	X	X		
Miramar Ranch North	1980		\$2 - \$3 million	36 months	X	X	X	X	X
Mission Beach	1974		\$2 - \$3 million	36 months	X	X	X	X	X
Mission Valley	1985		\$2 - \$3 million	36 months	X	X	X	X	
Navajo ¹	1982	FY14 ⁴	\$2.0 million	In Update	X	X	X	X	X
North Park ¹	1986	FY14	\$3.6 million ²	In Update	X	X	X	X	
Ocean Beach ¹	1975	FY13	\$0.8 million ⁵	In Update	X	X	X	X	X
Old Town San Diego ¹	1987	FY14	\$2.4 million ³	In Update	X	X	X	X	
Otay Mesa ¹	1981	FY13	\$1.8 million ⁶	In Update	X	X	X	X	X
Otay Mesa-Nestor	1997		\$2 - \$3 million	36 months	X	X			
Pacific Beach	1995		\$2 - \$3 million	36 months	X	X			
Pacific Highlands Ranch	1999		\$2 - \$3 million	36 months	X				
Peninsula	1987		\$2 - \$3 million	36 months	X	X	X	X	
Rancho Bernardo	1978		\$2 - \$3 million	36 months	X	X	X	X	X
Rancho Encantada	2001		\$2 - \$3 million	36 months	X				
Rancho Peñasquitos	1993		\$2 - \$3 million	36 months	X	X			
Sabre Springs	1982		\$2 - \$3 million	36 months	X	X	X	X	X
San Pasqual Valley	1995		\$2 - \$3 million	36 months	X	X			
San Ysidro ¹	1990	FY14	\$3.0 million	In Update	X	X	X		
Scripps Miramar Ranch	1978		\$2 - \$3 million	36 months	X	X	X	X	X
Serra Mesa	1977		\$2 - \$3 million	36 months	X	X	X	X	X
Skyline Paradise Hills	1987		\$2 - \$3 million	36 months	X	X	X	X	
Southeastern San Diego/Encanto ¹	1987	FY15	\$2.7 million	In Update	X	X	X	X	
Subarea II NCFUA	1992		\$2 - \$3 million	36 months	X	X	X		
Tierrasanta	1982		\$2 - \$3 million	36 months	X	X	X	X	X
Tijuana River Valley	1976		\$2 - \$3 million	36 months	X	X	X	X	X
Torrey Highlands	1996		\$2 - \$3 million	36 months	X	X			
Torrey Hills	1997		\$2 - \$3 million	36 months	X	X			
Torrey Pines	1995		\$2 - \$3 million	36 months	X	X			
University	1987		\$2 - \$3 million	36 months	X	X	X	X	
Uptown ¹	1988	FY14	\$3.6 million ²	In Update	X	X	X		
Via de la Valle	1984		\$2 - \$3 million	36 months	X	X	X	X	
Total	48				46	40	33	24	15

Footnotes

- 1: Highlighted rows represent a CPU update in process.
- 2: Estimate includes the total cost of updating Greater Golden Hill, North Park, and Uptown as a cluster.
- 3: Estimate includes the total cost of updating Midway Pacific Hwy Corridor and Old Town San Diego as a cluster.
- 4: Major Community Plan Ammendment
- 5: Estimate does not include pre-FY 2010 costs.
- 6: Estimate does not include pre-FY 2009 costs.