



THE CITY OF SAN DIEGO

MEMORANDUM

DATE: May 24, 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 10, 2012. The responses are listed by department in the order that they were reviewed by the Committee.

SAN DIEGO CITY EMPLOYEES' RETIREMENT SYSTEM

COUNCIL DISTRICT 7

QUESTION:

What are the potential savings that could be realized from offsetting Industrial Disability Retirement (IDR) benefits with income from outside employment and/or Workers' Compensation awards as the IBA recommended?

RESPONSE:

The Risk Management Department would not be able to determine how benefit costs are impacted by outside employment. With respect to the Workers' Compensation portion, the City Attorney's Office addressed this subject in a report to Council, which is included as **Attachment 1**. A precise amount is difficult to estimate in a short time frame. The City and SDCERS would need to combine their resources to be able to estimate what the offset would be based on current retirees' receiving an IDR who are also receiving Workers' Compensation benefits.

Per the Risk Management Department, any savings would be offset by increased administrative expenses by SDCERS in tracking IDR and Workers' Compensation income on an annual basis for all retirees receiving an IDR.

DEPARTMENT OF INFORMATION TECHNOLOGY

COUNCIL DISTRICT 7

QUESTION:

Why is CityTV still budgeted in the Mayor's Office and not with the Department of Information Technology (IT)?

RESPONSE:

The Mayor's Office will respond to this question directly with the Council Members.

QUESTION:

How much does the City receive from the state/COX for the cable franchise fee? Where is that funding going in the City?

RESPONSE:

The Mayor's Office will respond to this question directly with the Council Members.

COUNCIL DISTRICT 3

QUESTION:

How are IT costs allocated to the departments by Department of IT and Enterprise Resource Planning (ERP)?

RESPONSE:

As recommended by the Comptroller's office, the Department of IT allocations for Fiscal Year 2013 were derived by summing the total actual Fiscal Year 2011 IT expenditures for each General Fund and Non-General Fund contributing department. This sum was then used to calculate each department's percentage of the total Citywide Fiscal Year 2011 expenditures. This percentage was then applied to the Fiscal Year 2013 estimated revenue required for the department's operations, based on budget revisions and reductions and consistent with the Five-Year Forecast reviewed and approved by Financial Management.

The ERP Department is funded by a three-tier allocation for Fiscal Year 2013. For the first tier allocation, the incremental Fiscal Year 2013 Proposed Budget for Customer Care Solutions (CCS) is allocated to Public Utilities. Then for the second tier allocation, the remaining ERP Department's Fiscal Year 2013 Proposed Budget is allocated citywide by fund based on a weighted percentage of the following variables: Fiscal Year 2012 Full-Time Equivalent (FTE), Fiscal Year 2012 Adopted Budget expenditures, Fiscal Year 2011 non-personnel encumbrances/expenditures, and Fiscal Year 2011 actual revenue. Lastly, the fund allotment is allocated to each City department within the fund based on Fiscal Year 2012 FTE.

QUESTION:

Why have some of the IT expenses shifted from being centralized to decentralized?

RESPONSE:

For many years the General Fund portion of the Information Technology Fund, Wireless Communications Technology Fund, and OneSD Support Fund were centralized in the General Fund as part of the Department of IT. In Fiscal Year 2012, Financial Management began budgeting the transfer amounts in each individual City department for transparency purposes.

SAN DIEGO HOUSING COMMISSION

COUNCIL DISTRICT 1

QUESTION:

How much funding would be necessary to replicate the Neil Good Day Center elsewhere in the City, including facilities and rent in addition to operating costs?

RESPONSE:

The current Neil Good Day Center operates on a parcel of land provided to the City by Caltrans at nominal or no rent. The cost associated with leasing a facility equipped to handle the current day center uses and demand would be difficult to estimate without conducting a market analysis in the given area or community targeted. As it relates to the facility and program operating costs, the current day center serves approximately 300 to 400 individuals per day at a cost of \$550,000 per year.

COUNCIL DISTRICT 5

QUESTION:

What agreements does the City as Successor Agency have with the County regarding tax sharing, and can it be used to fund programs for the homeless?

RESPONSE:

Per the City Attorney's Office, their office will provide this response directly to the Council Offices.

QUESTION:

Can Transient Occupancy Tax (TOT) funds be used for homeless services?

RESPONSE:

Per the City Attorney's Office, their office will provide this response directly to the Council Offices.

QUESTION:

What is the City spending on programs for the homeless from the General Fund and Community Development Block Grants (CDBG), and who is receiving funding from the City?

RESPONSE:

The total amount of CDBG funding budgeted for homeless programs is \$2.1 million for Fiscal Year 2012 and \$1.3 million for Fiscal Year 2013. The reason for the decline between the two years is because CDBG funds were used in Fiscal Year 2012 to fund the Capital Improvement Project for the one-stop shop at the old World Trade Center. That project is listed as Path Ventures in the amount of \$950,000. **Attachment 2** shows the breakdown of the CDBG-funded homeless programs by project.

The City's Emergency Shelter Grant (ESG) also funds homeless programs. The total amount of ESG funding is \$918,913 for Fiscal Year 2012 and \$1.2 million for Fiscal Year 2013. All of this funding goes to the San Diego Housing Commission to be used for various programs.

SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY

COUNCIL DISTRICT 3

QUESTION:

When will we have an audit of the Successor Agency's finances?

RESPONSE:

The Mayor's Office will respond to this question directly with the Council Members.

SAN DIEGO CONVENTION CENTER CORPORATION

COUNCIL DISTRICT 5

QUESTION:

Where are Medicare expenses booked in the Convention Center budget?

RESPONSE:

Medicare expenses are rolled into overall social security taxes and appear in the "Fringe Benefits (pension)" line item shown on page 217 in Volume I of the City's Fiscal Year 2013 Proposed Budget Document.

QUESTION:

What is the termination payout for the Conventions Center's CEO?

Honorable Councilmember Todd Gloria, Budget Review Committee Chair and
Budget Review Committee Members
May 24, 2012

RESPONSE:

The Fiscal Year 2013 Proposed Budget does not include consideration of a termination payout for the President/CEO. SDCCC states that this item is a personnel issue and that they are therefore not at liberty to discuss the matter further.

Mark Leonard/mc

Attachments (2):

1. City Attorney's Office Report to City Council – Workers' Compensation Offset of Industrial Disability Retirement Benefits
2. Fiscal Year 2012 and 2013 CDBG Funding Allocations (Homeless Projects)

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
Mark Hovey, CEO of San Diego City Employees' Retirement System
Jeffrey Leveroni, Director of Department of Information Technology
Jennifer Adams-Brooks, Executive VP of San Diego Housing Commission
Nicole DeBerg, VP/Chief Financial Officer of San Diego Housing Commission
Carol Wallace, CEO of San Diego Convention Center Corporation
Greg Bych, Director of Risk Management
Beth Murray, Deputy Director of Economic Development
Financial Management Staff

Attachment 1

MARY JO LANZAFAME
ASSISTANT CITY ATTORNEY

WILLIAM GERSTEN
DEPUTY CITY ATTORNEY

OFFICE OF
THE CITY ATTORNEY
CITY OF SAN DIEGO

1200 THIRD AVENUE, SUITE 1620
SAN DIEGO, CALIFORNIA 92101-4178
TELEPHONE (619) 236-6220
FAX (619) 236-7215

Jan I. Goldsmith
CITY ATTORNEY

February 1, 2012

REPORT TO THE CITY COUNCIL

WORKERS' COMPENSATION OFFSET OF INDUSTRIAL DISABILITY RETIREMENT BENEFITS

INTRODUCTION

At its December 5, 2011 meeting, the Audit Committee passed a motion to accept and forward to the San Diego City Council (City Council) the City Auditor's Performance Audit of the San Diego City Employees' Retirement System (SDCERS), and requested that the City Attorney prepare and present to the City Council a legal opinion addressing the following two issues: (1) may the City discontinue or modify the reimbursement of the Medicare Part B Income Related Monthly Adjustment Amount (IRMAA) premiums for Health Eligible Retirees?; and (2) may the City offset Industrial Disability Retirement (IDR) benefit payments by Workers' Compensation payments received by the benefit recipient?

This Report addresses the second issue. An accompanying report addresses the first issue.

BACKGROUND

On August 28, 1978, the City Council adopted San Diego Ordinance O-12430, adding section 24.0515 to the Municipal Code. That section imposed an offset of worker's compensation benefits received by an employee against any IDR that employee ultimately received. This became commonly referred to as the "IDR Offset."

On December 7, 1987, after meeting and conferring and reaching agreement with the San Diego Police Officers Association and International Brotherhood of Firefighters Local 145, the City Council adopted San Diego Ordinance O-16992. This ordinance eliminated the IDR Offset for Safety Members effective January 1, 1988.

Similarly, on May 15, 1989, after meeting and conferring and reaching agreement with the San Diego Municipal Employees Association and AFSCME Local 127, the City Council adopted San Diego Ordinance O-17295. This ordinance eliminated the IDR Offset for General Members effective July 1, 1989.

Therefore, in its present state, the IDR Offset does not apply to Safety Members receiving an IDR on and after January 1, 1988, and to General Members receiving an IDR on and after July 1, 1989.

ANALYSIS

Reinstitution of the IDR Offset would require an amendment to Municipal Code section 24.0515. As a term and condition of employment and affecting wages, reinstatement of the IDR Offset would be subject to the meet and confer requirements of the Meyers-Milias-Brown Act.¹

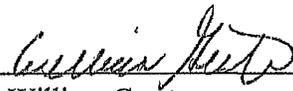
Further, as any such amendment would affect the benefits of employees under the Retirement System, such an amendment could not be adopted in the absence of a majority vote of the Retirement System members. San Diego Charter § 143.1(a).

Assuming the requisite meet and confer obligation was satisfied, and agreement was reached or the reinstatement was imposed after impasse and a vote was successfully conducted under San Diego Charter section 143.1, the IDR Offset could only be applied prospectively to active employees and new hires. It could not be applied to those already retired. As this Office previously opined, those who have retired did so subject to that level of benefits in existence during employment and present at the time of retirement. *See Op. City Att'y 2010-1 (January 21, 2010).*

CONCLUSION

The IDR Offset was eliminated in 1988 for Safety Members and in 1989 for General Members. Reinstating that offset requires engaging in meet and confer with the labor organizations, agreement with them or imposition after impasse, and a Charter section 143.1 vote. Further, the IDR Offset could only be applied prospectively to active and new employees, and could not apply to retirees.

JAN I. GOLDSMITH, City Attorney

By 
William Gersten
Deputy City Attorney

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¹ Cal. Gov't Code §§ 3500-3511.

**CITY OF SAN DIEGO
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
FY 2012 CDBG FUNDING ALLOCATIONS**

APPLICANT		PROJECT	FY13 ALLOCATION
1	Alpha Project for the Homeless	Take Back the Streets (a.k.a. TBS)	\$364,320
2	PATH Ventures	Connections Housing (CIP Project)	\$950,000
3	San Diego Housing Commission	Cortez Hill Family Center	\$187,184
4	San Diego Housing Commission	Homeless Emergency Winter Shelter Program	\$511,069
5	St. Vincent de Paul Village, Inc.	Homeless Outreach Team's Serial Inebriate Program Expansion	\$98,595
TOTAL			\$2,111,168

**CITY OF SAN DIEGO
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
FY 2013 CDBG FUNDING ALLOCATIONS**

APPLICANT		PROJECT	FY13 ALLOCATION
1	Catholic Charities	Rachel's Women's Center	\$75,000
2	Interfaith Shelter Network of San Diego	Rotational Shelter Program	\$60,000
3	San Diego Housing Commission	Cortez Hill Family Center	\$205,902
4	San Diego Housing Commission	Homeless Shelter Program	\$562,176
5	St. Vincent de Paul Village, Inc.	Family Living Program and Child Development Center	\$375,452
TOTAL			\$1,278,530

