THE CITY OF SAN DIEGO

M E M O R A N D U M

DATE: May 28, 2015

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

FROM: Tracy McCraner, Financial Management Director

SUBJECT: Fiscal Year 2016 Budget Review Committee Referral Response

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This memorandum is in response to follow-up questions asked by Council Member David Alvarez (Council District 8) via email to the Financial Management Department on May 13, 2015.

COUNCIL DISTRICT 8

COMMISSION FOR ARTS & CULTURE

QUESTION:
Please explain why the proposed budget does not fully fund the Council's commitment to Penny for the Arts.

RESPONSE:
Fully funding the Penny for the Arts Blueprint would have required approximately $17.8 million, or an additional $5.5 million, at the time that the Fiscal Year 2016 Proposed Budget was released. If $5.5 million were to be added to the Penny for the Arts budget, the General Fund would lose $5.5 million in revenues. This shortfall would need to be corrected to maintain a balanced budget by reducing General Fund expenditures by $5.5 million in the Fiscal Year 2016 Proposed Budget.

PUBLIC WORKS – ENGINEERING & CAPITAL PROJECTS

QUESTION:
What is the cost of upgrading the Capital Improvements Program (CIP) website/portal to be transparent and serviceable to the public?

RESPONSE:
The Public Works Department (Public Works) has not fully identified all available new information technology/web technologies and necessary improvements to the CIP website, but recognizes that the CIP website has exceeded its useful life and is due for an upgrade. In Fiscal Year 2016, Public Works will initiate an effort to identify all desired areas of improvements to the CIP website; will work closely with the Department of Information Technology and Communications Department; and will develop a full scope-of-work and estimate the total cost for the improvements. If affordable, Public Works will then initiate the desired improvements.

QUESTION:
Please provide a status update of the protected walkway with the delay in the Old Otay Mesa Road project.

RESPONSE:
The Old Otay Mesa Road project was advertised and a lowest responsive bidder was not identified; thus all construction contract bids were rejected. This has delayed the start of construction which was originally anticipated to begin this summer. As was discussed with Council District 8 staff on May 4, 2015, Public Works staff are continuing to explore alternatives for an interim solution for pedestrian access that can be utilized by the time school resumes in the fall and that can continue to be used throughout construction. The construction contract has been re-advertised, which should result in construction beginning mid to late fall. Public Works staff will provide an update to Council District 8 during the week of June 22.

INFRASTRUCTURE/PUBLIC WORKS

QUESTION:
Please provide any peer-reviewed or national studies on the efficiency of the Enterprise Asset Management (EAM) system.

RESPONSE:
Attachment 1 provides an overview of the EAM project. Information on EAM was also presented to the Committee on Infrastructure on December 9, 2013.

CITY ATTORNEY

QUESTION:
Please provide performance indicators for the Department.

RESPONSE:
This department is non-mayoral and is therefore not required to submit performance indicators.

CIVIC SAN DIEGO

QUESTION:
What authority does the City have over the budget for Civic San Diego?

RESPONSE:
This question was addressed in the Budget Review Committee Referral Response Memorandum for the budget hearing on May 7, 2015, which was released on May 20, 2015.

QUESTION:
Please provide information regarding the $125,000 rollover funds allocated for Transit Oriented Development (TOD) and the Library rehabilitation? What will be the breakdown of those funds for each specific project?

RESPONSE:
This question was addressed in the Budget Review Committee Referral Response Memorandum for the budget hearing on May 7, 2015, which was released on May 20, 2015.

QUESTION:
Please provide the actual New Market Tax Credits activity for Fiscal Years 2014 and 2015.

RESPONSE:
The New Markets Tax Credit program is a Federal tax initiative administered by the Department of the Treasury's Community Development Financial Institutions (CDFI) Fund. The CDFI Fund allocates Credits to Community Development Entities (CDE). In Fiscal Years 2014 and 2015, Civic San Diego received two allocations in New Markets Tax Credits totaling $58.0 million. The activity is as follows:

- In Fiscal Year 2014, $23.0 million was disbursed to Copley-Price YMCA for a brand new facility in City Heights.
- In Fiscal Year 2015, $16.5 million was disbursed to Family Health Centers for a new facility in Oak Park.
- Currently, Civic San Diego is in the process of due diligence to disburse $8.0 million to Urban Corps to recapitalize their mortgage. Their program serves low income youths.
- Additionally, Civic San Diego is in the process of due diligence to disburse $9.0 million to Creative and Co-Work Space to rehabilitate O'Connors Church Goods on El Cajon Boulevard which provides a mix of creative and co-work space to remove blight and generate an estimated 100 new jobs.

QUESTION:
Please provide a list of the projects that the City kept in-house from the Redevelopment Agency dissolution.

RESPONSE:
This question was addressed in the Budget Review Committee Referral Response Memorandum for the budget hearing on May 7, 2015, which was released on May 20, 2015.

CONVENTION CENTER

QUESTION:
Please provide performance indicators for this department.

RESPONSE:
The information is currently being compiled and the complete response is forthcoming.

DEVELOPMENT SERVICES DEPARTMENT

QUESTION:
Please provide a rationale for the target 85 percent case level for meeting required code enforcement action deadlines (Performance Indicator #4). Explain why the targeted percentage is not 100% given the additional personnel requested in the Fiscal Year 2016 budget.

RESPONSE:
Code Enforcement's case volume is projected to increase in Fiscal Year 2016 due to the expanded efforts to enforce substandard housing cases, illegal marijuana dispensaries and other on-going special enforcement assignments. The proposed increase to staffing in the Fiscal Year 2016 budget will help to mitigate some, but not all, of the previous impacts to general citywide enforcement.

During the last three months, the performance results have been trending higher at levels equal to the estimated Fiscal Year 2015 target of 85 percent of code enforcement cases meeting code enforcement action deadlines. Due to the projected increase in case volume and the complex nature of some of the cases, the Development Services Department anticipates that the target in Fiscal Year 2016 of 85 percent is realistic. Performance will be closely monitored during Fiscal Year 2016 and performance measure targets will be revaluated and adjusted accordingly in future years.

QUESTION:
Please confirm that the Neighborhood Code Compliance reporting form will be made available in Spanish.

RESPONSE:
This question was addressed in the Budget Review Committee Referral Response Memorandum for the budget hearing on May 6, 2015, which was released on May 20, 2015.

ECONOMIC DEVELOPMENT

QUESTION:
Please provide the rationale for the Sustainability Manager (Program Manager) position to be housed in the Economic Development Department rather than the Planning Department.

RESPONSE:
The decision to place the Sustainability Program Manager in the Economic Development Department was approved in the Fiscal Year 2015 budget. The placement of the position is based on the fact that the majority of the City's Green House Gas (GHG) and Carbon emissions are generated as a byproduct of economic activity. As such, any successful implementation of the City's Climate Action Plan (CAP) requires carefully coordination between the various departments working to implement the CAP, sustainability stakeholders, and industry cluster organizations. With a robust clean technology and sustainability industry present in San Diego, the City has the unique opportunity to demonstrate that sustainability is not only good for the environment, but also good for our economy. As a member of the Economic Development Department, the Sustainability Program Manager will lead the multidisciplinary cross departmental effort to implement the CAP.

FINANCIAL MANAGEMENT

QUESTION:
Regarding Excess Equity please provide details as to why we require 1% specifically and how we came up with that number.

RESPONSE:
There is no policy to require one percent in Excess Equity. It was a recommendation in the Mayor's FY 2014 Mid Year budget report as a prudent budget practice not to spend all projected revenues after only six months of actual activity. In the Mid-Year Report in Fiscal Year 2014, the Mayor recommended a use of fund balance that was projected to be in excess of the 14 percent reserves target for reserves and one-time expenditures. In Fiscal Year 2014, the City had experienced an exceptional inflow of one-time revenues of $44.7 million, primarily from the Redevelopment Agency (RDA) dissolution and the dissolution of the San Diego Data Processing Corporation. At mid-year, the City was projecting a $50.8 million budgetary surplus and Excess Equity (fund balance above the 14 percent reserves) at $37.0 million.

Given this large projected surplus, the Mayor recommended that a large amount for the one-time projected revenues be budgeted at mid-year to fund the Public Liability pay-go and Public Liability reserves, Capital Improvements Program (CIP), and other one-time expenditures. Not

all of the projected Excess Equity was budgeted in the FY 2014 Mid Year since staff was relying on only six months of data and the actual fund balance is not determined until the end of the fiscal year.

It was recommended at the time that not all of the Excess Equity be budgeted at mid-year, leaving 1.5 percent of General Fund revenues in fund balance above the projected reserve levels due to the fluctuations in revenues and expenditures until year-end.

In the Fiscal Year 2015 Proposed Budget all Excess Equity above the 14 percent General Fund reserves was budgeted, except for $4.0 million "to address potential General Fund expenditures resulting from the dissolution of the Redevelopment Agency as well as potential public safety needs related to the May 2014 firestorms". (FY 2015 Adopted Budget)

Keeping one percent above reserves unspent in mid-year, if available, is a prudent budget practice, which the City followed in FY 2014 in making the mid-year budgetary adjustments. A one percent variance in a $1.3 billion budget is $13.0 million, which is a tight variance to spend six months ahead of a final year end close. $13.0 million represents approximately four days of General Fund operations.

FIRE-RESCUE / POLICE DEPARTMENTS

QUESTION:
What was the actual cost of presumptive illness coverage for firemen and policemen in the last 5 years?

RESPONSE:
This question was addressed in the Budget Review Committee Referral Response Memorandum for the budget hearing on May 4, 2015, which was released on May 19, 2015.

FIRE-RESCUE DEPARTMENT

QUESTION:
What would be the cost of including lifeguards under the presumptive illness coverage?

RESPONSE:
This question was addressed in the Budget Review Committee Referral Response Memorandum for the budget hearing on May 4, 2015, which was released on May 19, 2015.

INTERNAL OPERATIONS

QUESTION:
Please provide performance indicators for the department.

RESPONSE:
The Internal Operations Department includes 1.5 Full-time Employees (FTEs) (1.00 Deputy Chief Operating Officer and 0.50 Executive Secretary) and does not hold any performance indicators specific to it at this time. The Internal Operations Branch oversees five departments and divisions (Fleet Services, Human Resources, Information Technology, Purchasing & Contracting, and Real Estate Assets) which have their own performance indicators and can be found in their respective budget narrative pages.

FLEET SERVICES

QUESTION:
Please provide an accounting of how many street sweepers need to be purchased in fiscal year 2016.

RESPONSE:
This question was addressed in the Budget Review Committee Referral Response Memorandum for the budget hearing on May 8, 2015, which was released on May 20, 2015.

QUESTION:
Please provide specific metrics for the division, whether in writing or as performance indicators. Metrics should include, but are not limited to, what activities and services newly hired mechanics will be providing, what percentage of the current maintenance backlog will be addressed, what number and type of vehicles (on average) will be operable at any given time.

RESPONSE:
Fleet Services specific metrics can be found under the Public Works – General Services budget narrative (Fiscal Year 2016 Proposed Budget, Volume II, page 575).

As is noted in the Fleet Services budget presentation, effective March 2015, Fleet Services reports to Internal Operations.

As part of the citywide review and updating of performance indicators in time for the Fiscal Year 2017 Proposed Budget, the division will consider the suggested performance indicators.

INFORMATION TECHNOLOGY

QUESTION:
Please provide Performance Indicators for this Department.

RESPONSE:
The department's performance indicators can be found on page 154 of the Fiscal Year 2016 Proposed Budget, Volume II.

QUALCOMM STADIUM

QUESTION:
Please provide the cost of operations at Qualcomm Stadium and the cost if the Chargers terminate their lease.

RESPONSE:
This question was addressed in the Budget Review Committee Referral Response Memorandum for the budget hearing on May 8, 2015, which was released on May 20, 2015.

REAL ESTATE ASSETS

QUESTION:
Please provide a short narrative of what activities the department undertakes to seek out lease or purchase options outside of downtown San Diego.

RESPONSE:
When a City department advises the Real Estate Assets Department (READ) of a space need outside of downtown San Diego, READ's Corporate Services division meets with the department to understand in what part of San Diego they need to be located functionally and if there are any other departments they need to be close to geographically, as well as how many FTEs they need to locate in the new facility and what layout would be most efficient for them. READ then uses Costar and the local brokerage community to determine what space is available for lease in the department's preferred part of the City, size range and type of use, as well as proximity to public transportation and cost to occupy the location. READ then meets with the City department and narrows down the choices to those which will be toured as prospective candidates, tours the options and then submits a counter proposal to the location which best suits the department's and City's requirements. Once a lease is negotiated, it is presented to committee and then Council for approval. Although not as common, the same process would be followed for a building or land purchase.

QUESTION:
Please provide a performance indicator for average length of time to provide appraisals and complete land acquisitions.

RESPONSE:
As part of the citywide review and updating of performance indicators for the Fiscal Year 2017 Proposed Budget, the department will include the suggested performance indicators.

PETCO PARK

QUESTION:
What has been the increase in revenue to the City as a result of the change in the Joint Use and Management Agreement (JUMA) with the Padres at Petco Park?

RESPONSE:
This question was addressed in the Budget Review Committee Referral Response Memorandum for the budget hearing on May 8, 2015, which was released on May 20, 2015.

LIBRARY

QUESTION:
Please provide information/estimates of the Citywide Frequency Identification project implementation regarding the time of completion and the funds that are anticipated to be needed.

RESPONSE:
The Radio Frequency Identification (RFID) uses radio-frequency and microchip technology for inventory control and tracking of library materials. The advantages of RFID systems include easier, faster, and more reliable materials borrowing/return, inventorying, and materials handling. The technology has been implemented at the Central Library and Rancho Bernardo Branch Library. The current estimate to complete the conversion at the remaining 34 San Diego Public Library (SDPL) locations is by Fiscal Year 2019. However, the Library is looking at other conversion options to accelerate the process. The remaining project cost is estimated at approximately $1.65 million of which $1.1 million in funding has been identified. The remaining funding is assumed to be contributed by the General Fund but may be adjusted downward for future budgets as additional funding sources are identified.

NEIGHBORHOOD SERVICES

QUESTION:
Please provide rationale for the choice of 65 percent as the performance indicator covering the percent of complaints handled within 60 days (Indicator #1).

RESPONSE:
The Citizens' Review Board (CRB) on Police Practices was given a goal of 60 days to complete its review of Internal Affairs'(IA) investigations of cases so that they are being responsive to those complainants and police officers who are awaiting the outcome of his/her cases. Although the CRB wants to acknowledge the complainants and officers' need for information and closure on his/her case, due to the serious nature of these complaints, the process may take longer than the 60 day review period. A thorough review process involves time invested in listening to all tapes, viewing all videos, asking for more additional allegations and interviews as needed,

negotiating differences of opinion with IA staff, and writing and presenting case reports. All these steps take time.

The goal of 65 percent was set knowing that the CRB would like to achieve the 60 day review period for all cases, but being realistic that some will take longer. The CRB has also experienced an increase in the number of cases being assigned for review which added more cases to each team's caseload which contributes to the delay in review as well.

PARK AND RECREATION

QUESTION:
Please explain if it is possible to add 10 hours of open time at more recreation centers rather than 15 hours at 16 centers as proposed? Would this change the budget allocation?

RESPONSE:
This question was addressed in the Budget Review Committee Referral Response Memorandum for the budget hearing on May 6, 2015, which was released on May 20, 2015.

QUESTION:
What is the cost for an additional Park Ranger?

RESPONSE:
Personnel expenditures are $72,300 for a Park Ranger and $114,500 for a Senior Park Ranger. Non-personnel expenditures include an estimated one-time cost of $37,000 for a vehicle and an annual cost of $4,500 for uniforms and supplies.

QUESTION:
For Chollas Creek, when do we anticipate we're going to fund the feasibility study and all the requirements needed to designate it as a regional park?

RESPONSE:
The non-profit group, Groundwork, is currently preparing a study on why Chollas Creek should be designated a Regional Park based on the General Plan definition of a Regional Park. Staff will review the study for completeness and then take the study to the Park and Recreation Board as an action to recommend to City Council that Chollas Creek should be designated a Regional Park and added to City Charter 55. There is not a set schedule in that the non-profit is spearheading the effort and not the Planning Department.

PERFORMANCE & ANALYTICS

QUESTION:
Please provide corrected annual savings amounts reflecting not identified savings, but rather the implemented savings from the managed competition proposal.

RESPONSE:
The performance indicator reflects the annual budgeted savings attributable to the managed competitions for landfill, street sweeping, publishing services, and fleet maintenance.
However, the Performance & Analytics Department (P&A) recognizes the need for an update to this performance indicator in light of actual implementation and will endeavor to update this indicator, in line with the citywide review and updating of performance indicators, for the Fiscal Year 2017 Proposed Budget.

QUESTION:
Please provide a performance indicator for the San Diego Works program (level of participation).

RESPONSE:
San Diego Works is a pilot program and thus, performance indicators are point-in-time in Fiscal Year 2015. Should the program continue in the future, P&A now has a good baseline for setting appropriate performance indicators and targets for participation and will do so at that time.

PERSONNEL

QUESTION:
What is the cost for additional Program Coordinators?

RESPONSE:
The total cost for one Program Coordinator position is $124,334 based on a salary of $95,000 and fringe rates used for the development of the Fiscal Year 2016 Proposed Budget.

PUBLIC UTILITIES

QUESTION:
Please explain the following performance indicators. Our target in Fiscal Year 2014 for miles of sewer mains replaced was 45, but we only did 39. What methods are we changing to reach the 45 target this year?

RESPONSE:
The 35 miles reflected in the Fiscal Year 2016 Proposed Budget is a misprint. The Public Utilities Department completed 45 miles of sewer main replacements in Fiscal Year 2014 and the corrected figure will be reflected in the Fiscal Year 2016 Adopted Budget key performance indicators.

QUESTION:
Should our target for Sanitary Sewer Overflows (SSO) be in numbers of spills or amount spilled in order to address the potential harm to the environment?

RESPONSE:
The Public Utilities Department (PUD) continuously tracks both the total number of sanitary sewer overflows (SSOs) and the total volume. Additionally, this information is presented for review and evaluation to the Independent Rates Oversight Committee on a regular basis. PUD has seen a large drop in total SSOs and volume over recent fiscal years due to a number of pro-active steps taken by the Department at pump stations and in PUD's capital improvements program. PUD will review key performance indicators to be utilized for both water and wastewater operations in conjunction with the Performance & Analytics Department for Fiscal Year 2017, and will evaluate the potential inclusion of a volume target for SSOs.

QUESTION:
We had 73 water main breaks in 2014, but our Fiscal Year 2016 target is 94. Please explain the rationale for that decision.

RESPONSE:
The Fiscal Year 2016 target is based on the three-year average of breaks between Fiscal Years 2012-2014; the footnote in the publication will be corrected to reflect this. This estimate was used due to the number of water main breaks on an annual basis being very unpredictable based on a large number of factors, including some that are out of the PUD's control. Additionally, PUD will evaluate this performance measure in conjunction with the Performance & Analytics Department for Fiscal Year 2017.

MISSION BAY/BALBOA PARK IMPROVEMENT FUND

QUESTION:
What is the reason for the decrease in the Park Fund debt service?

RESPONSE:
The decrease of $2,174 in debt service (for Fiscal Year 2016 compared to Fiscal Year 2015) for the Mission Bay/Balboa Park Improvement Fund is due to year-to-year variance in debt service.

SPECIAL PROMOTIONS PROGRAMS

QUESTION:
Please provide performance indicators for this program.

RESPONSE:
This department does not have any performance indicators.

QUESTION:
What is the reason for the allocation of Convention Center expansion funds?

RESPONSE:
On September 1, 1998, the City of San Diego and Unified Port District formed the Convention Center Expansion Financing Authority (Authority) to authorize and approve the issuance of $205.0 million in lease revenue bonds to finance the Convention Center Expansion Phase II construction. By agreement, the City makes payments to the Authority sufficient to pay the debt service on the lease revenue bonds. These payments are funded out of Special Promotional Programs in the Transient Occupancy Tax Fund.

TRANSPORTATION & STORM WATER

QUESTION:
Please provide locations for tree-trimming, street lights, and sidewalk panels to be repaired. In what locations are sidewalk sweeper vehicles used?

RESPONSE:
The following information adds to the response presented in the Budget Review Committee Referral Response Memorandum for the budget hearing on May 5, 2015, which was released on May 19, 2015.

The Transportation & Storm Water Department does not sweep sidewalks and did not purchase a sidewalk sweeper. The Department did purchase two additional sweepers for bike paths and parking lots. The bike path sweepers are utilized to sweep small areas such as bike paths, parking lots, selected alleys on an as need basis, and sections of the Mission Beach Boardwalk. The following locations are bike paths that are regularly swept: Bayside Walk, SR-56 Bike Freeway, San Diego River, SR-94 Bike Path, Ocean Beach Bike Path, and Saturn Boulevard Bike Path.

QUESTION:
Please provide the status of individual proposed projects in the categories of Streets, Sidewalks, Streetlights, and other traffic improvements.

RESPONSE:
This question was addressed in the Budget Review Committee Referral Response Memorandum for the budget hearing on May 5, 2015, which was released on May 19, 2015.

Tracy McCraner

Attachment:
1. Enterprise Asset Management (EAM) Project Overview Presentation

cc: Honorable Mayor Kevin L. Faulconer
Honorable Council Members
Jan I. Goldsmith, City Attorney
Stephen Puetz, Chief of Staff
Scott Chadwick, Chief Operating Officer
Stacey LoMedico, Assistant Chief Operating Officer
Mary Lewis, Chief Financial Officer
David Graham, Deputy Chief Operating Officer
Ron Villa, Deputy Chief Operating Officer
Brian Pepin, Director of Council Affairs
Andrea Tevlin, Independent Budget Analyst
Shelley Zimmerman, Chief of Police
Javier Mainar, Fire Chief
Cybele Thompson, Director of Real Estate Assets
James Nagelvoort, Public Works Director
Robert Vacchi, Development Services Director
Erik Caldwell, Economic Development Director
Jonathan Behnke, Chief Information Officer
Herman Parker, Park & Recreation Director
Misty Jones, Library Director
Hadi Dehghani, Personnel Director
Almis Udrys, Director of Performance & Analytics
Halla Razak, Public Utilities Director
Kris McFadden, Transportation & Storm Water Director
Dana Springs, Arts & Culture Executive Director
Roy Kirby, Interim Deputy Director for Fleet Services
Reese Jarrett, President of Civic San Diego
Carol Wallace, President & CEO of San Diego Convention Center Corporation
Financial Management Staff