



THE CITY OF
SAN DIEGO
♦
CALIFORNIA

Community Budget Presentations

Fiscal Outlook: Past, Present and Future

October 2010



Fall 2009

- City faced a fiscal year 2011 deficit of \$179 million
- Adopted 18-month budget in December 2009
- Included: rolling brown-outs, layoffs of civilian Police employees, reductions in Library hours
- By cutting the budget 6 months early, the impact of service reductions was not as great



Fall 2010

- City faces a fiscal year 2012 deficit of \$73 million
- Once again, the earlier we make budget cuts, the less impact they'll have on public services
- All General Fund departments given budget-reduction targets in September; responded in October
- Council action possible in January 2011



Deficit Drivers

- City's annual major revenues have declined \$57.3 million since the beginning of recession
 - Sales tax is down \$42 million
 - TOT is down \$19 million
- A slow recovery is projected over the next 5 years.



Goals 2009 v. 2010

2009: No sworn Police or Fire layoffs

2010: Targeted layoffs of sworn Police and Fire-Rescue personnel, as well as lifeguards, to have least impact on critical services



Goals 2009 v. 2010

2009: Do not decimate public services

2010: Mitigate harm created by likely increase in 9-1-1 response time, cutbacks in fire protection, street repairs, library hours, recreation programs.



Goals 2009 v. 2010

2009: Spread out reductions

2010: Consolidate services and preserve integrity of City facilities through targeted closures -- including some PD area stations, libraries, recreation centers and gymnasiums.



Goals 2009 v. 2010

2009: Continue making full pension payments

2010: Continue making full pension payments (as is required by law)



Goals 2009 v. 2010

2009: Preserve current reserve balances

2010: Preserve current reserve balances,
(in compliance with City Council
policies and good fiscal management
practices)



Summary of Past Budget Actions

- Since Fiscal Year 2007:
 - Eliminated 1,414 positions from the budget -- 531 as part of the fiscal year 2011 budget, including 150 sworn police and 50 sworn firefighter positions
 - Cut annual personnel costs by at least \$100 million
 - Took 8 Fire Engine Companies out of service
 - Reduced Library hours
 - Reduced Park and Recreation hours and programs
 - Closed all Community Service Centers
 - Built General Fund reserve balances to protect bond ratings, lower borrowing costs



Summary of Past Budget Actions

- Since Fiscal Year 2007 – (cont.):
 - Made City's full Pension payment plus an additional \$200 million
 - Reduced spending by an accumulative \$300 million of which nearly \$200 million is permanent reductions
 - **Cut compensation for all city employees by 6%**
 - **One of first cities to implement pension reform -- including system for new hires that shifts investment risk from taxpayers to employees**
 - Froze retiree health care benefits



What is Next

- The City is projecting a \$73 million deficit
- Cautiously optimistic we are seeing the bottom
- Departments have identified permanent cuts ranging from 6.6% to 23.7%
- Council placed a temporary half-cent sales tax on the November ballot, could generate \$102 million per year
- If decide to implement early, cuts must be made quickly to reduce overall impact and allow time for lay-off procedures



Potential Service Reductions

Fiscal Year 2012



Police Department's Potential Reductions

| Target FY12 Reductions | % of Discretionary Budget | Total FTE Reduction |
|---------------------------|------------------------------|------------------------|
| \$15,788,350 | 6.60% | 198.50 |

- Eliminate 162.00 FTE Sworn Officers
- Close two out of the 10 area stations as a result of the Sworn Officers reductions
- Eliminate 36.50 FTE high-priority civilian personnel
- Close all police storefront operations
- Eliminate the Abandoned Vehicle Abatement Unit
- Close the Multi-Cultural Center



Fire-Rescue Department's Potential Reductions

| Target FY12 Reductions | % of Discretionary Budget | Total FTE Reduction |
|---------------------------|------------------------------|------------------------|
| \$7,225,178 | 6.60% | 63.00 |

- Brownout/blackout five additional engines or trucks and staffed personnel (12.00 FTE per brownout/blackout)
- Eliminate one of the two Air Operations helicopters
- Reduce numbers of lifeguards serving Mission Bay, Ocean Beach, Mission Beach and La Jolla; elimination of non-summer lifeguards in North Pacific Beach
- Reduce Lifeguard Night Crew Response



Park and Recreation Department's Potential Reductions

| Target FY12 Reductions | % of Discretionary Budget | Total FTE Reduction |
|---------------------------|------------------------------|------------------------|
| \$11,421,247 | 23.70% | 191.87 |

- Reduce hours of operation in all recreation centers by 50% from 40 hours a week to 20 hours per week. (Change to Mon-Wed-Fri or Tue-Thurs-Sat schedules)
- Close 9 recreation centers, 2 visitor centers, and 2 gymnasiums
- Close all pools, with the exception of Ned Baumer (impacting swim and water polo programs at 12 city schools)



Park and Recreation Department's Potential Reductions

| Target FY12 Reductions | % of Discretionary Budget | Total FTE Reduction |
|---------------------------|------------------------------|------------------------|
| \$11,421,247 | 23.70% | 191.87 |

- Eliminate after-school and teen center programs
- Reduce Therapeutic and Senior Services Programs
- Close Mission Trails Park's Overnight Campground
- Reduce hours of operation in Balboa Park Public Buildings from 84 hours per week to 60 hours per week
- Reduce 6.00 Park Rangers impacting patrol schedules, response times, and interpretive programs



Library Department's Potential Reductions

| Target FY12 Reductions | % of Discretionary Budget | Total FTE Reduction |
|---------------------------|------------------------------|------------------------|
| \$5,123,299 | 23.70% | 82.57 |

- Significant reductions made to library system over past 5 years
- FY 12 Proposal spreads reductions throughout communities:
 - Permanent closure of two facilities
 - Rolling brownouts at branch libraries, reducing access to neighborhood libraries
 - Plan reduces children's services, books, and programming
 - Three branch libraries that receive private funding to remain open Sundays



Street Division's Potential Reductions

| Target FY12 Reductions | % of Discretionary Budget | Total FTE Reduction |
|---------------------------|------------------------------|------------------------|
| \$4,087,036 | 23.70% | 34.00 |

- Repair 8,000-10,000 fewer potholes each year
- Repair 1,400 fewer street lights each year
- Eliminate all weed abatement and non-emergency tree trimming and 25% of emergency tree service (350 fewer trees serviced each year)
- Repair 700 fewer sidewalks each year
- Repair or replace 2,800 fewer traffic signs and pavement markings each year



Other

- Reduce street sweeping to the minimum required by law
- Reduce Think Blue pollution prevention program
- Delay Community Plan Updates
- Stop refuse collection to 15,000 residential customers who live on private streets
- Stop refuse collection to 6,500 small businesses



Questions?