

FY 2009 Final Budget Decisions

Meeting of the City Council
June 23, 2008



IBA

Office of the
Independent Budget Analyst
City of San Diego

IBA Proposal - Part 1

Proposed Revisions - \$2.0 million/34.05 FTE's

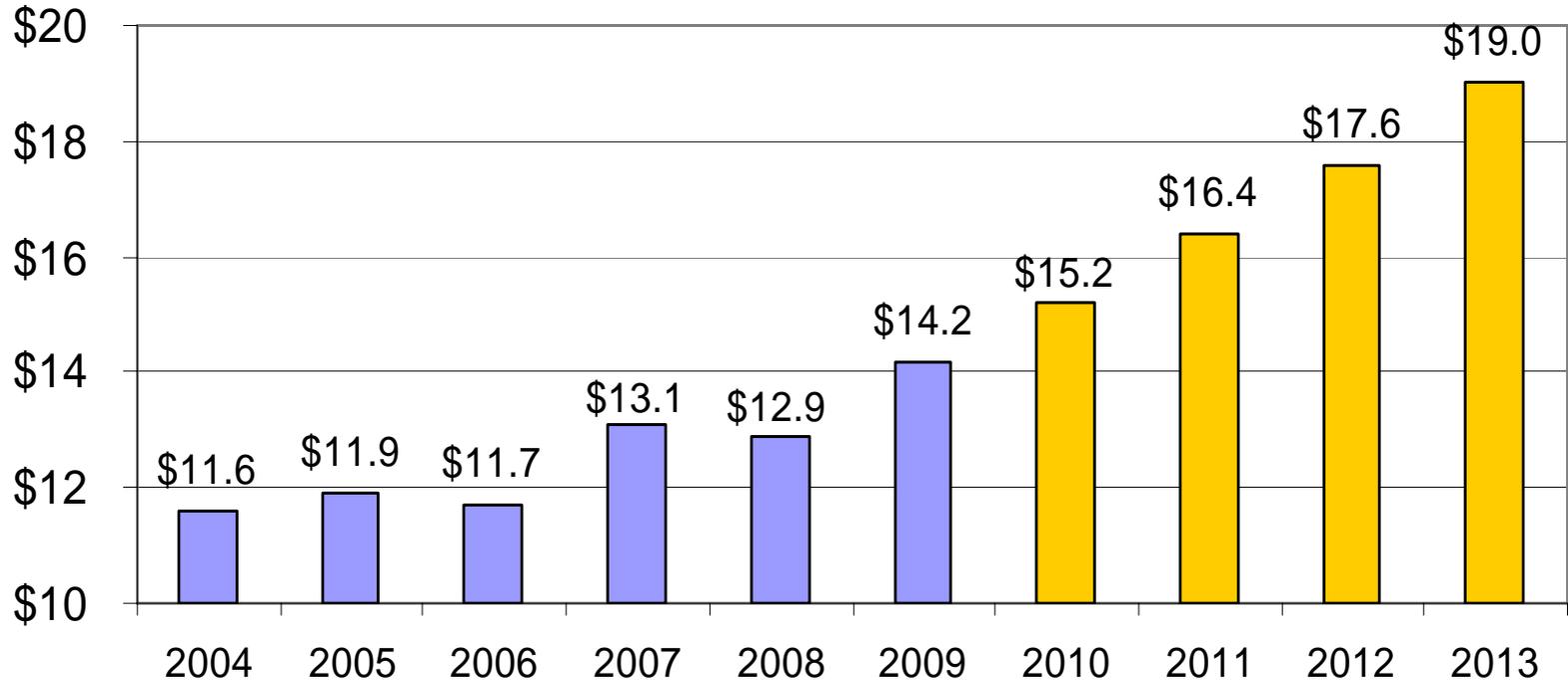
1. Maintain all skate park supervision (8.8 FTE)-
\$415,000 Net
2. Maintain five Park Area Managers and one
Grounds Maintenance Supervisor- \$552,000
3. Maintain pools at current year service levels-
\$122,500 Net
4. Maintain 8.5 Library Assistants, 3.0 Librarian
IIs and a Custodian for Central Library-
\$980,800
5. Maintain overnight camping on weekends at
Kumeyaay Campground- \$56,000 Net

IBA Proposal - Part 1 (cont'd)

\$2.1 million Resource Recommendations:

1. Environmental Growth Fund Balance-
\$1.5M
2. Elimination of Jefferson Wells FY 2009
funds - \$(225,000)
3. Partial reduction of Grant Thornton FY
2009 consulting funds - \$(400,000)

Total EGF Franchise Revenues (in millions)



FY 2005 through 2007 reflects unaudited data; FY 2008 is estimate; FY 2009 reflects Proposed Budget

Future projections include 7.5% annual growth as described in Mayor's Five Year Financial Outlook

IBA Proposal - Part 2

Proposed revisions - \$2.3 million/27.8 FTE's

1. Maintain five Park Area Managers (for a total of 10) and two District Managers to continue current year service levels (for total of 5)- \$700,000
2. Maintain four Library Assistants (for a total of 12.5) to continue current year service levels - \$308,000
3. Increase library matching funds from \$1.0M to \$1.5 M to generate equal matching donations- \$500,000

IBA Proposal - Part 2 (cont'd)

4. Provide temporary Fire staffing for Children's Pool Lifeguard Station-\$162,000
5. Increase Fire Bomb Squad training hours by reducing overtime as recommended in Fire BPR- \$0
6. Include 9.8 sworn positions to operate in Fire for second helicopter to maintain existing firefighter staffing levels- \$0

IBA Proposal - Part 2 (cont'd)

7. Maintain one supervisor for the graffiti control program in Code Compliance to continue current year service levels- \$86,100
8. Add one Administrative Aide for City Clerk to address workload issues - \$78,000
9. Add Fiscal/Policy Analyst for economic forecasting and \$20,000 for consultant expertise for IBA, minor office remodeling- \$210,000

IBA Proposal - Part 2 (cont'd)

10. Provide for Police Technology Enhancements from Seized and Forfeited Assets Fund – funds have been identified, allocation process should include Council priorities
11. Maintain four of 24.5 non-sworn positions reduced in Police- \$282,600
12. Designate \$10.0M for the Appropriated Reserve from the Unallocated Reserve consistent with the Reserve Policy-\$0

IBA Proposal - Part 2 (cont'd)

\$2.5M in Recommended Resources:

1. Increase loan repayment from Redevelopment Agency for ballpark debt from \$5.0M, as proposed in Mayor's Budget, to \$7.5M

Centre City & Horton Plaza Redevelopment Projects

REVENUE & EXPENDITURES

THREE YEAR OUTLOOK

(in Millions)

REVENUES	FY 2009	FY 2010	FY 2011	3 Year Total
Tax Increment -Non-Housing	98.6	104.0	107.4	310.0
Tax Increment -20% Housing Set a Side	24.7	26.0	26.8	77.5
Bonds / Lines of Credit	30.0			30.0
Developer Proceeds / Advances (Net)	14.6	5.0	5.0	24.6
Interest, Lease, Notes, Other	21.1	15.0	15.0	51.1
Revenue from Other Agencies	4.8			4.8
City Loans/Reloans				
Prior Years Revenues / Adjustments	41.8	10.0	10.0	61.8
Total Revenues	235.5	160.0	164.2	559.7
EXPENDITURES				
Low/Mod Projects Activities	27.4	12.2	13.0	52.6
Tax Sharing Payments	18.0	18.6	37.0	73.6
Admin/Soft Cost	10.6	11.0	11.5	33.1
Debt Service	45.6	45.9	45.9	137.5
City Repayment	5.0	7.5	7.5	20.0
Project Expenditures CIP	101.1	62.2	79.5	242.8
Future Year Project Carry-foward	27.8	2.6	-30.2	0.1
Total Expenditures	235.5	160.0	164.2	559.7

Steps for RDA Loan Repayment



RDA Loan Repayment for Ballpark Debt

	<u>Mayor's Proposal</u>	<u>IBA's Proposal</u>
FY2009 Debt Payment	\$11.3m	\$11.3m
Loan Repayment	5.0m	7.5m
TOT	6.3m	3.8m

Identify eligible TOT expenses currently funded by the General Fund

Mayor's Proposed Budget

Original \$5.0 million

\$2.3 m – Balboa Park and Beach Cleanup

\$0.3 m – Street Tree Maintenance

\$0.6 m – Balboa Park, Mission Beach and La Jolla Maintenance

\$1.7 m – Unrecovered Police costs for special events

\$5.0 million

IBA Revisions

Additional \$2.5 million

\$0.7 m – Park Management, Horticultural collection

\$0.4 m – Park Forestry

\$1.1 m – Mission Bay Park Turf Maintenance

\$0.3 m – Balboa Park Turf Maintenance

\$2.5 million

Reallocate Available General Fund Dollars for Other Services

Original \$5.0 million

- Used to balance the FY09 Proposed Budget
- Avoided \$5.0m in reductions

Additional \$2.5 million

- Avoids \$2.5m in reductions
- Maintains existing positions in Park and Recreation, Library, and Police Departments
- Funds temp. staffing at Children's Pool

Redevelopment Debt

(Project areas managed by CCDC)

FY08 debt (unaudited) \$114.6m

Principal: \$43.2m

Interest: \$71.4m

Annual interest earned (est) \$4.4m

- If a payment of \$7.5 million is made annually, it will take over 30 years to pay off the debt

(Repayments applied to interest first; projects current interest rate for future years)

FY 2009 Position Changes over FY 2008 Number of FTEs

	<u>New Positions Added</u>	<u>Positions Reduced/ Restored</u>
Mayor's Budget	113.62	(234.29)
IBA Revisions	<u>2.00</u>	<u>50.05*</u>
Final Budget Recommendations	115.62	(184.24)

* Does not include 9.80 FTEs to operate Fire Helicopter to match funding already recommended in Mayor's budget

Other Issues

- Uncertainty with City revenues and state budget impacts
- Reprioritization should occur if further cuts needed
- Out of a \$1.0 billion GF budget, other options exist to rebalance the budget
- Long term, alternative strategies also need to be identified
- Numerous other issues pending that may provide further cushion to reserves

Recommendation

- Recommend that City Council override the Mayor's veto in its entirety