

Polling Results
City of San Diego
City Council Budget Prioritization Process
January 17, 2007

Prepared for

***The Office of
Independent Budget Analyst***

Prepared by



1886 Deer Canyon Road
Arroyo Grande, CA 93420
(805) 474-8105
www.strategicinit.com

Table of Contents

| | |
|--|----|
| <i>Meeting Overview</i> | 1 |
| <i>Strategic Assessment of City Services</i> | 2 |
| <i>Assessment of Critical Issues Facing the City</i> | 17 |
| <i>Assessment of Revenue Enhancement Options</i> | 19 |

Meeting Overview

On the recommendation of the Office of Independent Budget Analyst, the San Diego City Council participated in a visioning process to discuss future City budget priorities to provide guidance to the Mayor and the City organization in advance of the Fiscal Year 2008 Budget Development Process.

Charles Anders of Strategic Initiatives facilitated the City Councilmembers' discussion at the Budget Committee meeting on January 17, 2007. Mr. Anders utilized a group polling technology to quickly and anonymously evaluate Councilmembers' perspectives, in the aggregate, on key City services, critical issues and possible budget solutions. Each Councilmember was provided a remote input polling device that allowed members to simultaneously express their opinions and preferences regarding the questions or issues being discussed. Through the use of computer analysis, the results are immediately presented back to the Council for evaluation and discussion without attribution.



The process was designed to take a snapshot of Councilmembers' opinions in order to enhance Council communication and create more effective dialogue on important budget issues in advance of the FY 2008 budget process. The process was not designed or intended to be a voting process. It is important to note that the value of the interactive polling technology is the discussion of the polling results, which enhances understanding and alignment toward a common goal or course of action.

The interactive polling technology was used to collect opinions about the following topics:

- The relative long-term importance and current performance of selected City services,
- Priorities for addressing critical fiscal issues facing the City, and
- Revenue enhancement options that could be utilized to address critical fiscal issues.

This report presents the interactive polling results and a brief summary of the observations and conclusions of the participants. It is important to note that the interactive polling process was designed to stimulate discussion and understanding of the perspectives of the participants. It was not designed to be statistically representative of a broader group of participants.

This information will be provided as part of the Council Budget Priorities Report and to the Mayor as he develops the proposed City budget.

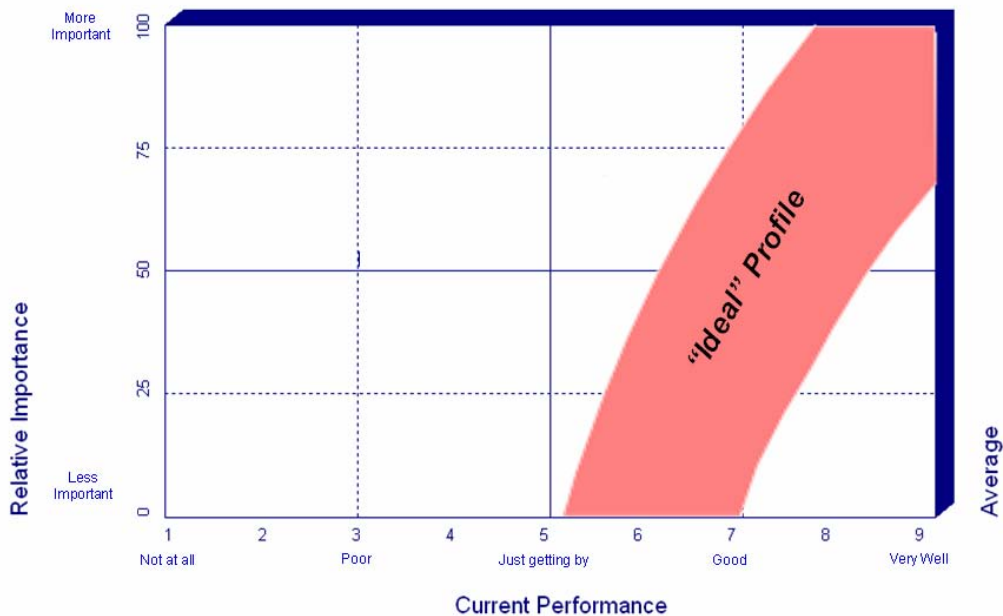
Strategic Assessment of City Services

The purpose of this portion of the strategic budget prioritization process was to assess the long-term importance and current performance of the following key General Fund services:

- | | |
|---------------------------------------|--------------------------------------|
| A. Police Service | G. Library Services |
| B. Fire-Rescue Services | H. Regular Trash Collection Services |
| C. Park & Recreation Services | I. Community & Economic Development |
| D. General Services - Facilities | J. City Planning Services |
| E. General Services - Street Division | K. Neighborhood Code Compliance |
| F. Customer Services | L. Arts and Culture |

The results of this query were presented in a strategic profile, which presents the relative importance of the key services on the vertical axis and the current performance on the horizontal axis. Ideally, all services would be located in the "Ideal Profile" band on the chart below where those services that are rated higher in importance would have a "Good" to "Very Well" level of performance and all services would perform better than "Just getting by."

Strategic Profile



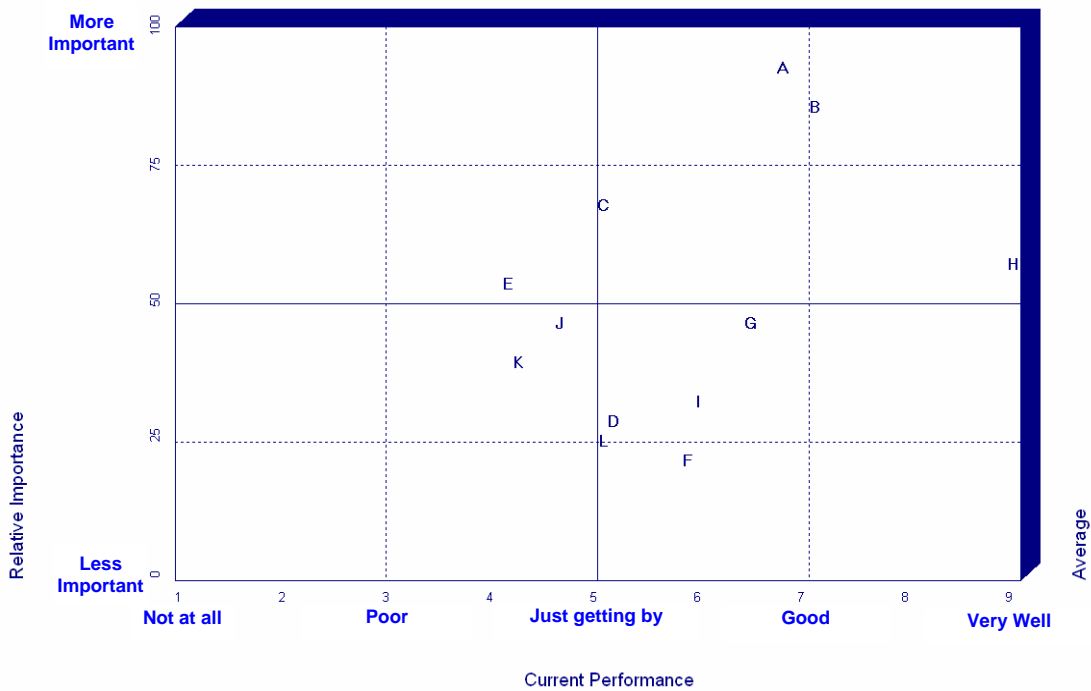
The key services were prioritized using a paired-comparison technique where two of the twelve services were projected on a screen and each participant simultaneously selected which of the two services was more important to San Diego fulfilling its vision of the future. After all possible combinations of the pairs were assessed, the relative priority of the services was calculated on a scale from 0 to 100 where a rating of 0 is the lowest priority and 100 is the highest priority.

The Councilmembers also assessed how well the key services were performing today on the following scale:

1 2 3 4 5 6 7 8 9
 Not at all Poor Just getting by Good Very Good

The results of the Councilmembers' assessments are presented in the following profile.

Strategic Profile of City Services



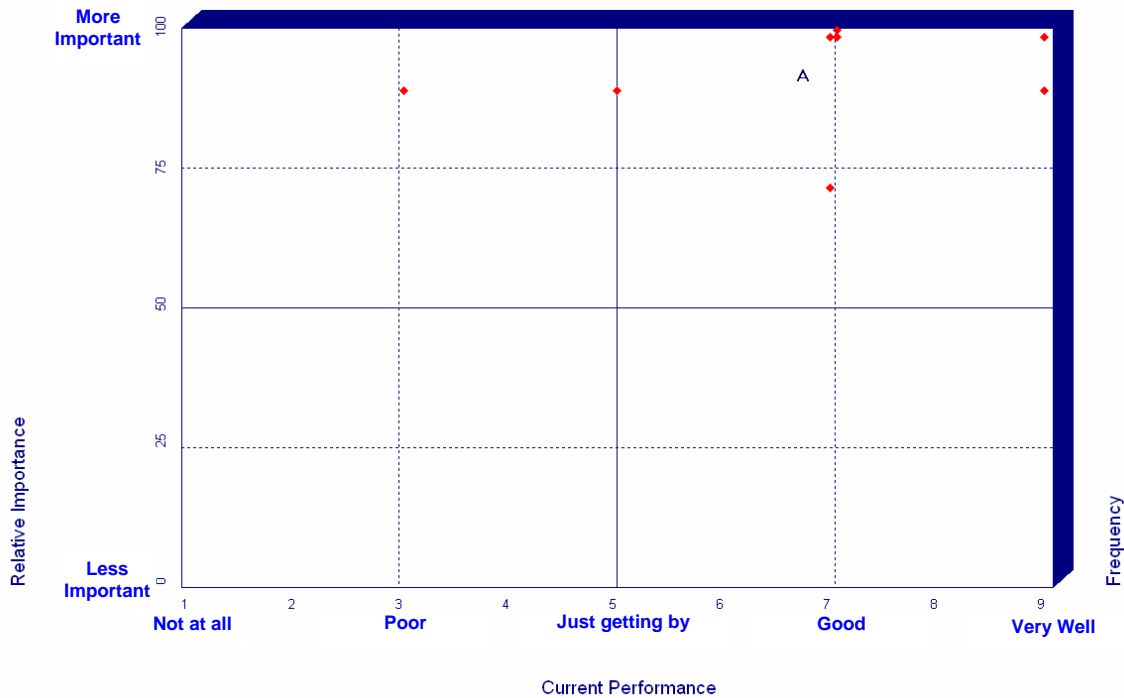
- | | |
|---------------------------------------|--------------------------------------|
| A. Police Service | G. Library Services |
| B. Fire-Rescue Services | H. Regular Trash Collection Services |
| C. Park & Recreation Services | I. Community & Economic Development |
| D. General Services - Facilities | J. City Planning Services |
| E. General Services - Street Division | K. Neighborhood Code Compliance |
| F. Customer Services | L. Arts and Culture |

As can be seen from the previous chart, a number of the services are in or near the “Ideal Profile” location. “A-Police services” and “B-Fire-Rescue Services” on average are considered the most important and are performing well. Every Councilmember rated the performance of “H-Regular Trash Collection Services as very well. The performance of other services such as “C-Park & Recreation Services”, “E-General Services – Streets Division”, “J-City Planning Services” and “K-Neighborhood Code Compliance ideally should be improved .

It was noted that it was important for people to understand that Councilmembers were likely not criticizing departments or their personnel, but rather commenting on the comparative level of service / performance given the limited funding they have to work with.

The following tables illustrated the “scatter” or distribution of the polling opinions of the Councilmembers. Each diamond on the chart represents an individual Councilmember. The participants reviewed the scatter diagrams and discussed the results.

A- Police Service

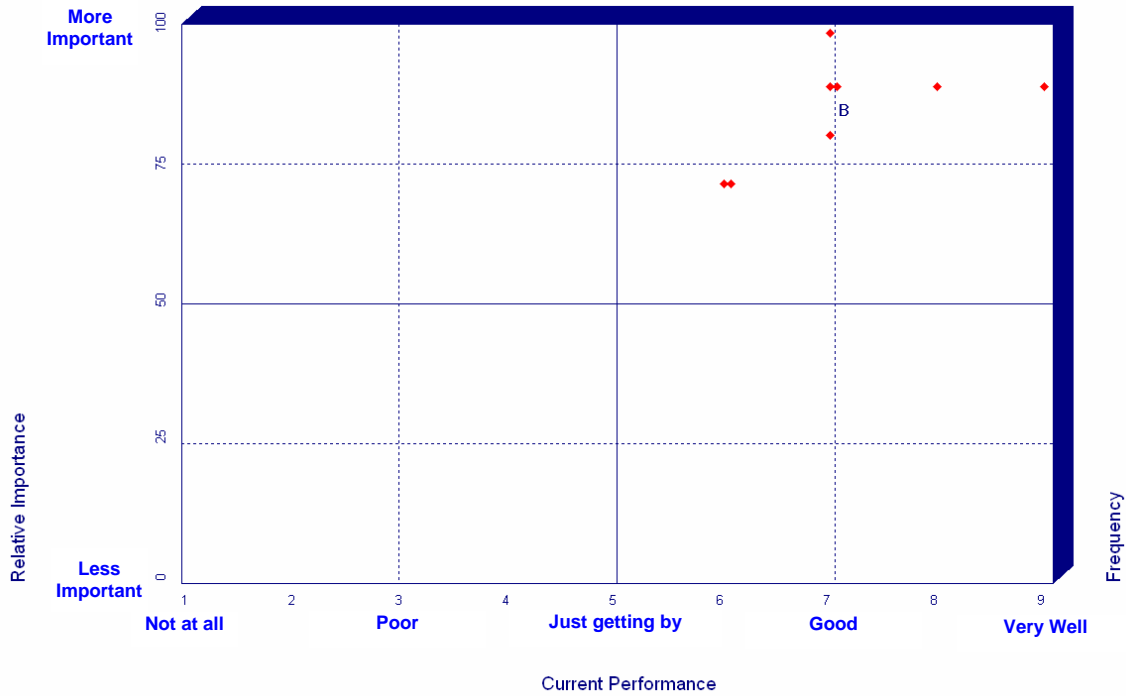


Comments and Observations

Police Services ranked highest in terms of importance. There was strong agreement on the relative importance of this service; however, there was some difference of opinion regarding the current level of performance.

Given the importance of Police Services, they may want to consider strategies to maintain or even improve its performance over the long-term.

B- Fire-Rescue Services

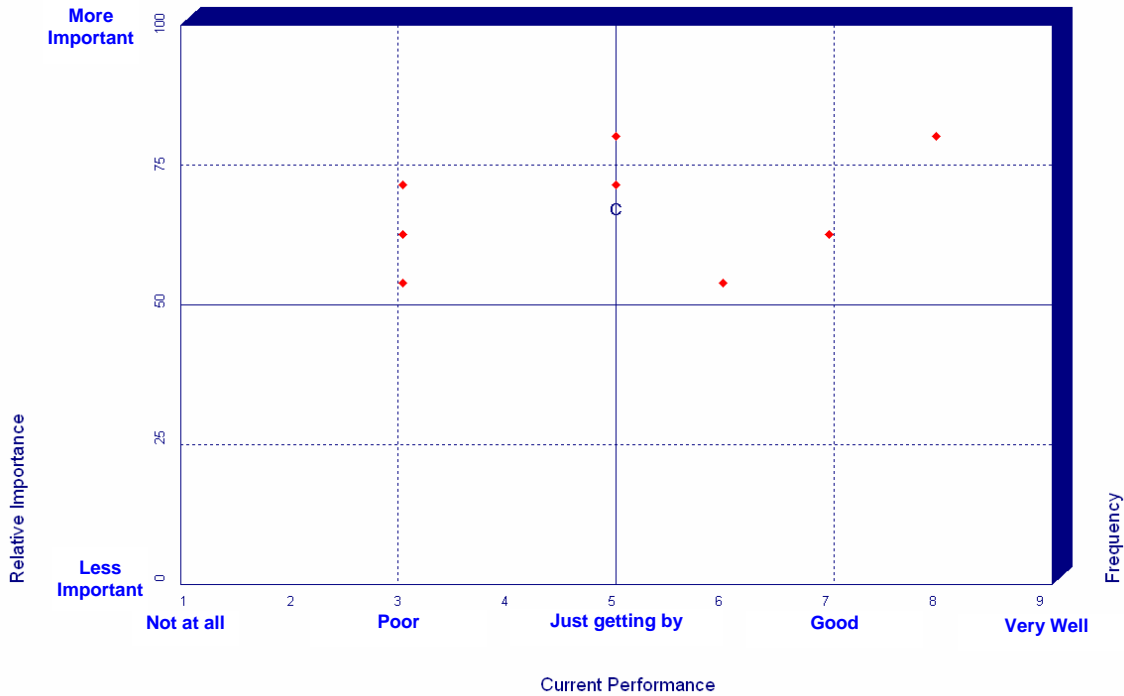


Comments and Observations

Fire-Rescue Services was the second highest ranked service in terms of importance. There was strong agreement on both the relative importance and current performance of this service.

Given the importance of Fire-Rescue Services, they may want to consider strategies to maintain or even improve its performance over the long-term.

C- Park & Recreation Services



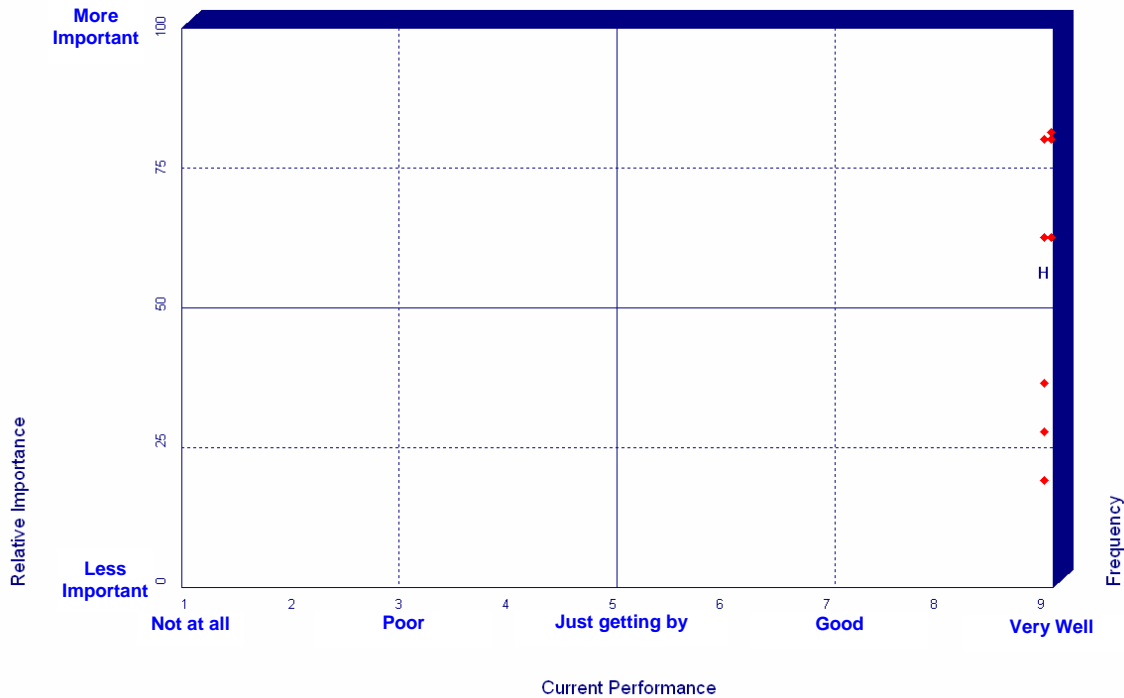
Comments and Observations

Park & Recreation Services was ranked third-highest in terms of importance. There was strong agreement in terms of importance; however, the performance of this service ranged from “Poor” to “Good” or better.

With respect to Park & Recreation centers, some Councilmembers suggested that centers in certain geographical areas need additional resources because the families that rely upon their programs and facilities may not have the economic resources to engage their youth in other ways.

It was also noted that the performance of this department is impacted by resource limitations and several Councilmembers observed that they perform exceptionally well with the resources they have.

H- Regular Trash Collection Services



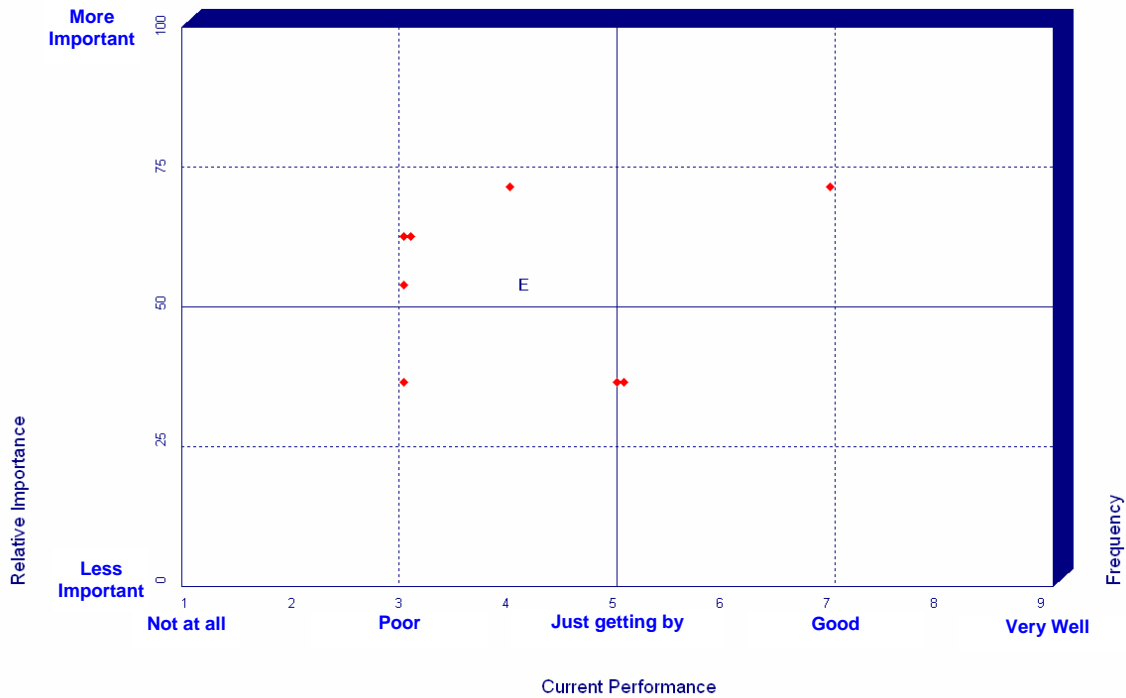
Comments and Observations

Regular Trash Collection Services was the highest performing service with every Councilmember rating the performance of this service as “very well.” There was significant difference of opinion regarding the relative importance of this service.

Several Councilmembers agreed that there are five basic / core services that local government must perform in order to make homes habitable – police, fire-rescue, water, sewer and trash collection.

Some observed that Regular Trash Collection Services could have been rated lower in relative importance because it was performing so well.

E- General Services - Street Division

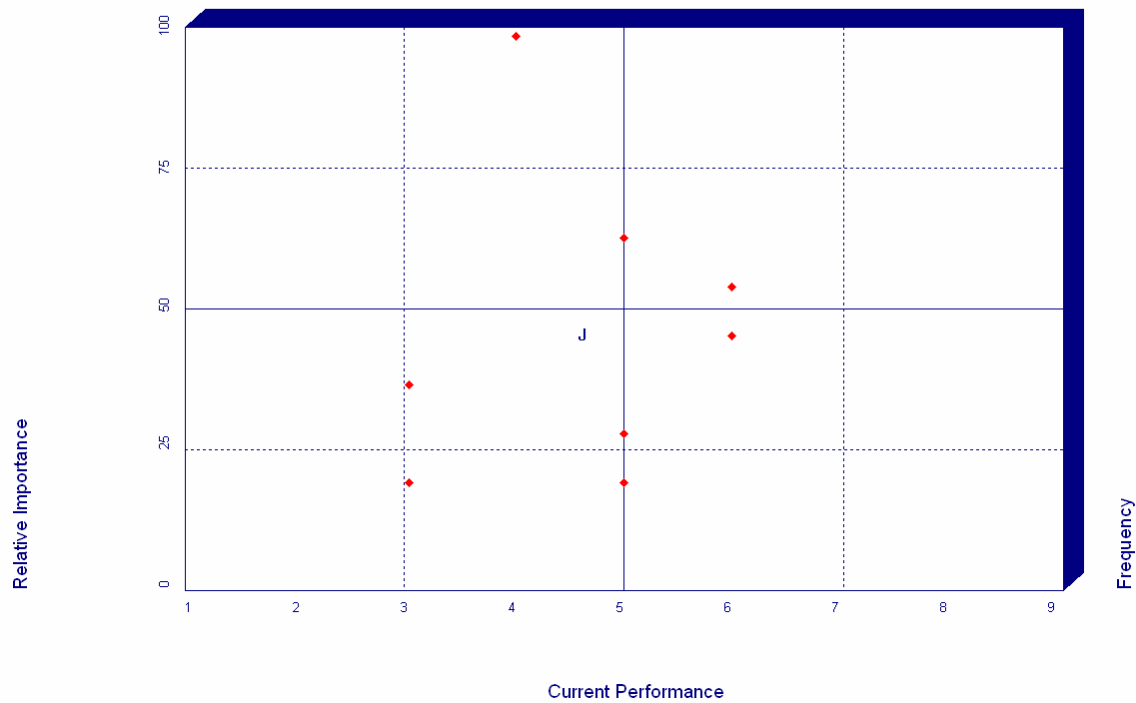


Comments and Observations

General Services – Street Division was ranked at a moderate level of importance compared to the other services.

There was strong agreement that the streets were in need of significant improvement and that lack of funding was impacting the ability of the City to maintain roads and streets.

J- City Planning Services



Comments and Observations

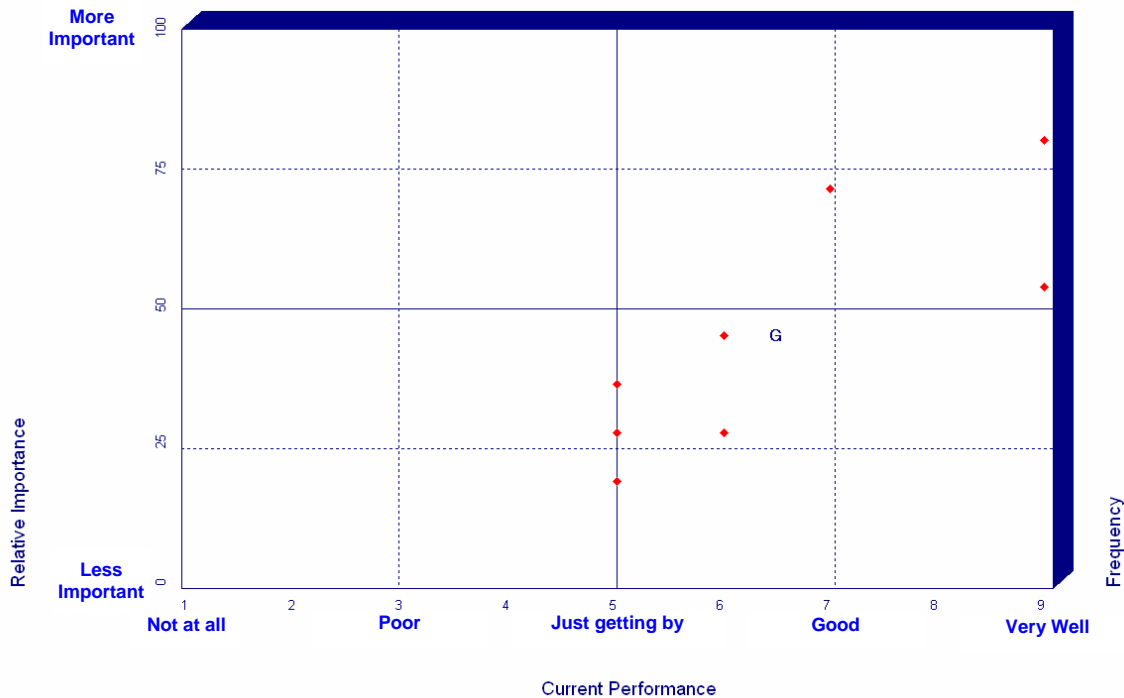
There was significant difference of opinion regarding the relative importance of City Planning Services. One Councilmember rated this service as the most important service.

The range of performance could be impacted by the location within the City and whether the community plan is up to date. The City has over 40 community planning areas and does not have the resources to keep them all up to date.

The effectiveness of the planning process could be measured by how well the other basic City services are being provided.

City Planning Services is critical to the ability to efficiently provide all City services in the future.

G- Library Services



Comments and Observations

There was a range of opinion regarding the relative importance and current performance of Library Services.

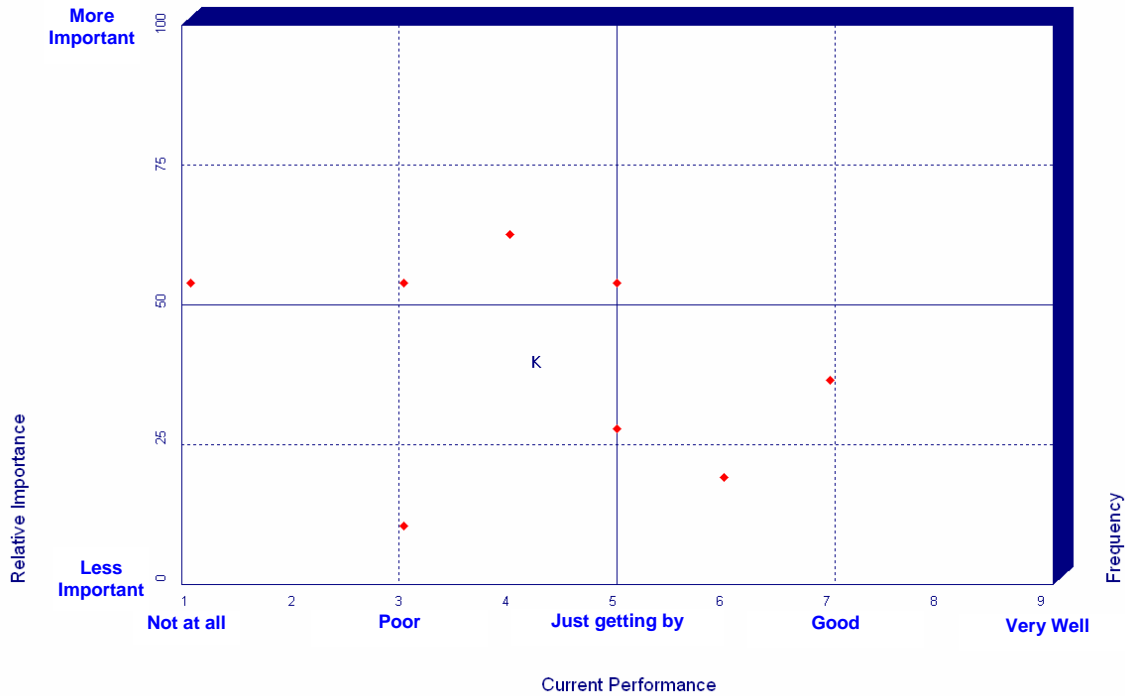
Councilmembers generally agreed that Library Services was performing well, especially in light of their funding limitations.

The opinions regarding level of performance of Library Services could vary depending on location within the City.

One Councilmember suggested that Library services need to evolve and adapt in order to meet the changing needs of the City's communities.

One Councilmember observed that the core City services were police, fire-rescue, water, sewer and trash collection. The second tier is parks, libraries and streets.

K- Neighborhood Code Compliance

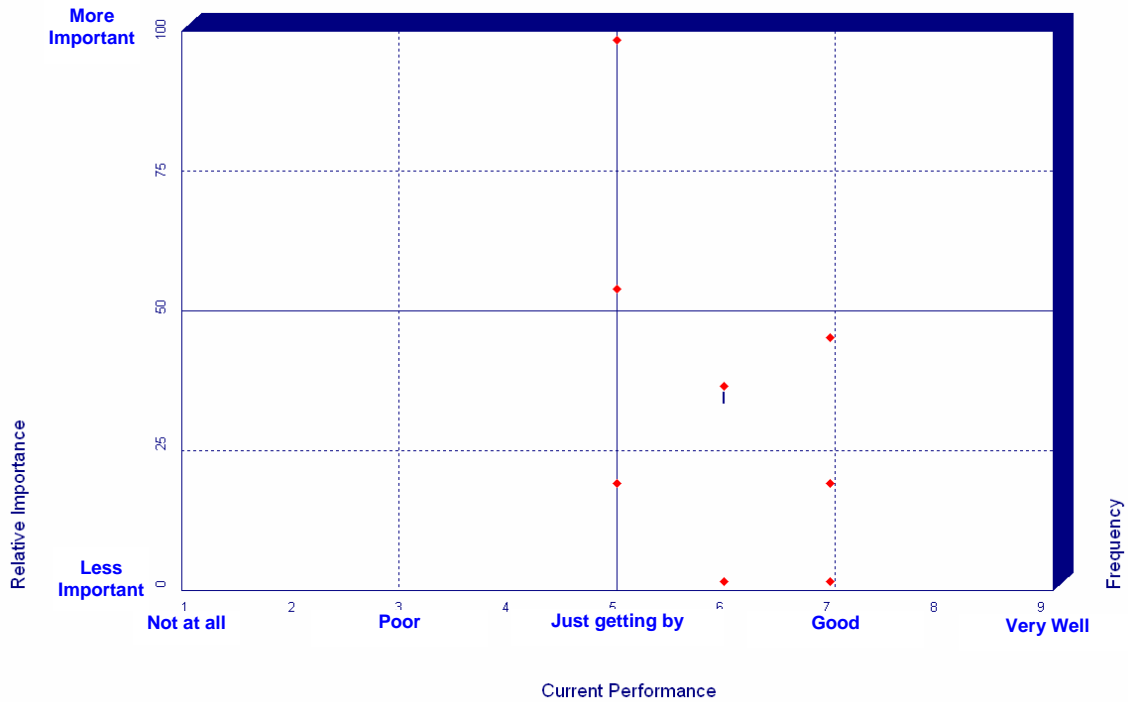


Comments and Observations

There was significant difference of opinion regarding the current performance of Neighborhood Code Compliance.

It was observed that the location and type of the neighborhood could significantly influence how the performance of this service is perceived because of greater need and economic factors.

I- Community & Economic Development



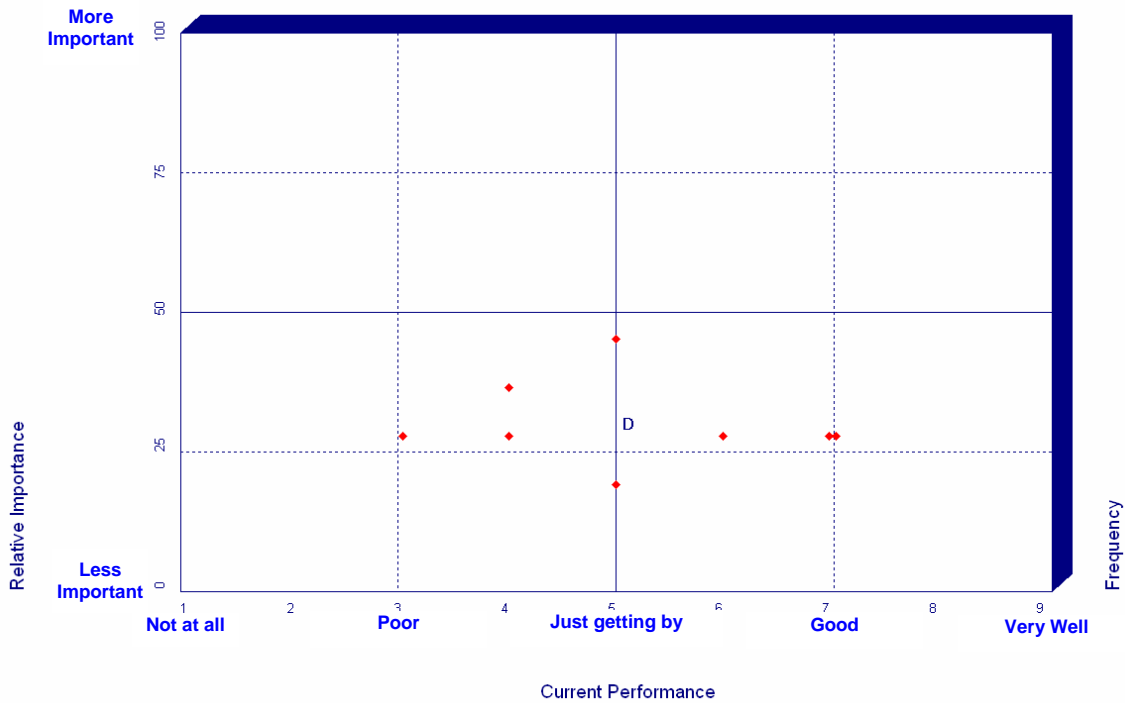
Comments and Observations

There was general agreement regarding the current performance of Community & Economic Development.

One Councilmember rated Community & Economic Development as the most important of the City services that were evaluated.

It was observed that the location and economic level of a community would influence the need for this service.

D- General Services - Facilities

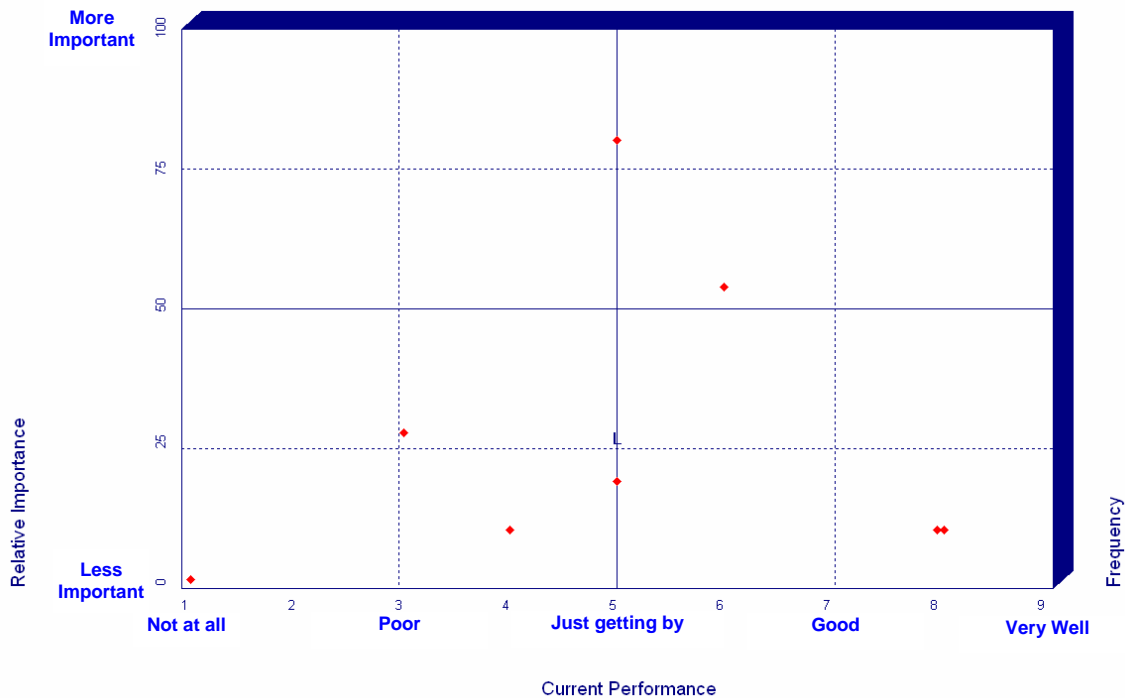


Comments and Observations

There was strong agreement on the relative importance of General Services – Facilities and a range of opinion regarding the current performance.

It was observed that none of the Councilmembers ranked facilities ahead of the core City services.

L- Arts and Culture



Comments and Observations

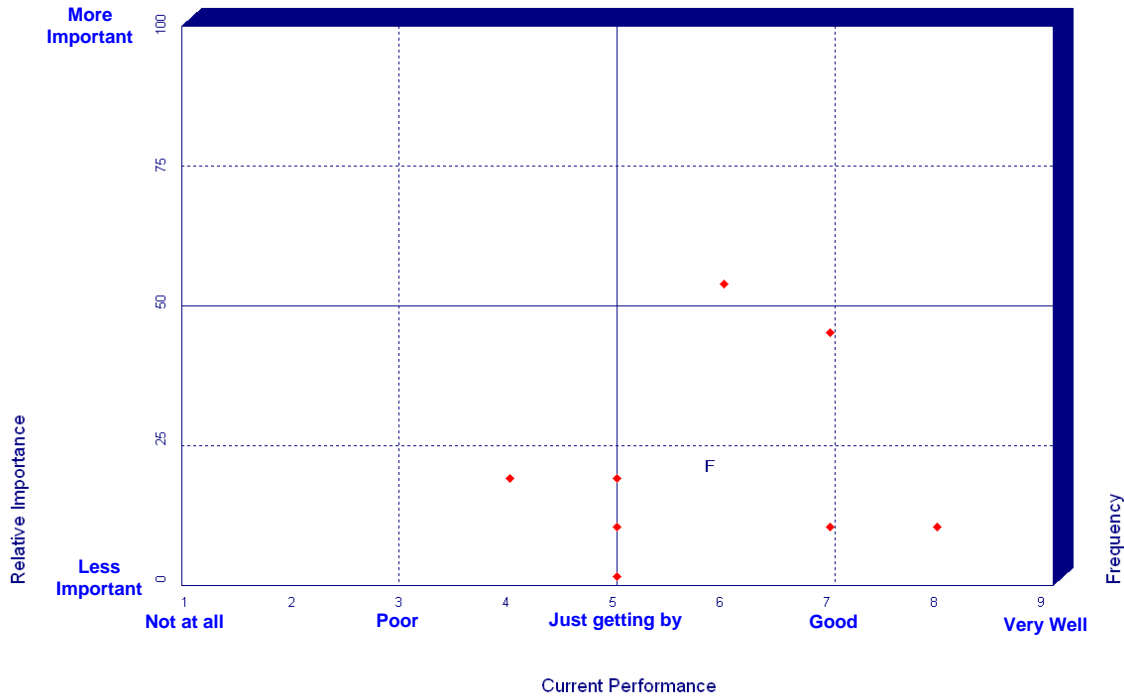
There was significant difference of opinion regarding both the relative importance and performance of Arts and Culture.

One Councilmember felt that Arts & Culture programs defined a City and that, in difficult times, people look to these programs to sustain them.

It was observed that the department was doing a good job; however, the City did a poor job of promoting Arts and Culture in terms of policy and investment.

Another Councilmember observed that the Arts and Culture Commission has not done a good job supporting all communities and cultures equally.

F- Customer Services



Comments and Observations

With the exception of two participants, there was general consensus on the relative importance of Customer Services and a moderate difference of opinion regarding current performance.

A few Councilmembers noted that Customer Services becomes increasingly important (to respond and provide information to the public) if the City is not doing a good job of providing of public services. They further noted that many departments have their own customer service function.

It was noted that this was a difficult category to assess since so many individual departments have their own customer service activity. This should not be interpreted to mean that the Council believes responding to the public is not important.

Assessment of Critical Issues Facing the City

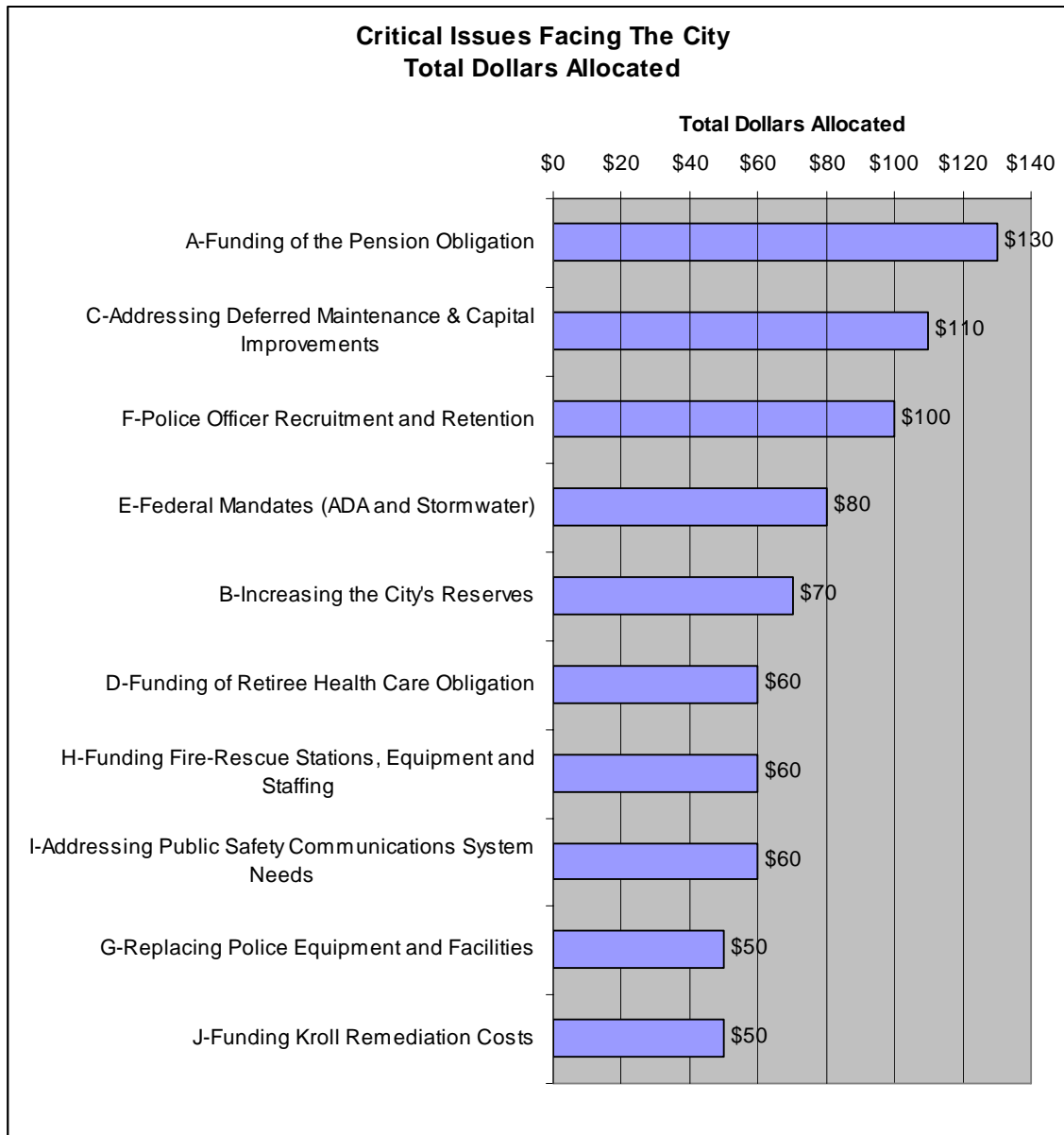
The purpose of this exercise is to discuss and gain insight into the Council's priorities for addressing critical fiscal issues facing the City. The following ten critical issues were identified by the Office of Independent Budget Analyst:

- A. Funding the Pension Obligation
- B. Increasing the City's Reserves
- C. Addressing Deferred Maintenance & Capital Improvements
- D. Funding Retiree Health Care Obligation
- E. Federal Mandates – ADA and Stormwater
- F. Police Officer Recruitment and Retention
- G. Replacing Police Equipment & Facilities
- H. Funding Fire-Rescue Stations, Equipment and Staffing
- I. Addressing Public Safety Communications System Needs
- J. Funding Kroll Remediation Costs

Each Councilmember was asked to allocate \$100 among the critical fiscal issues in order to gain insight into their preferences for funding. The total dollar amount that was allocated to each issue is presented in chart on the following page.

“Funding the pension obligation” received the most support for funding followed by “addressing deferred maintenance & capital improvements” and “police officer recruitment and retention.” “Funding Kroll remediation costs” and “replacing police equipment and facilities” received the least amount of funding support.

One Councilmember was surprised that the Council did not allocate as much funding for the Retiree Health Care Obligation as they did for the Pension Obligation. They noted that both are real fiscal obligations, yet the pension obligation received most of the attention.



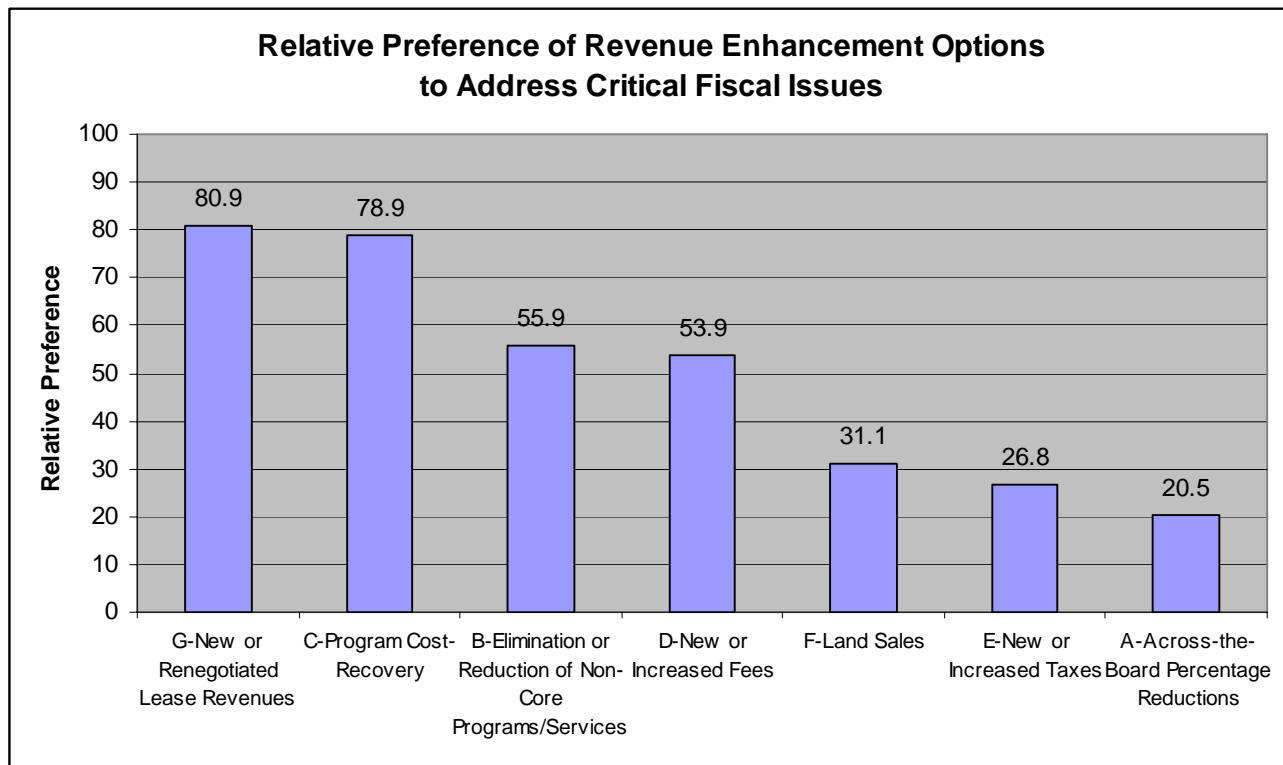
Note: Not all Councilmembers allocated the full \$100. Therefore, the total amount allocated does not equal the full \$800 available to be allocated.

Assessment of Revenue Enhancement Options

The purpose of this portion of the strategic budget prioritization process was to gain insight into the Council’s opinions regarding possible strategies for developing discretionary funding to begin to address the critical fiscal issues facing the City. The following seven possible revenue enhancement options were prioritized using the pair-comparison technique.

- A. Across-the-Board Percentage Reductions
- B. Elimination or Reduction of Non-Core Programs/Services
- C. Program Cost-Recovery
- D. New or Increased Fees
- E. New or Increased Taxes
- F. Land Sales
- G. New or Renegotiated Lease Revenues

Two of the seven options were projected on a screen and each participant simultaneously selected which of the two options they preferred. After all possible combinations of the pairs were assessed, the relative priority of the options was calculated on a scale from 0 to 100 where a rating of 0 is the lowest priority and 100 is the highest priority. To illustrate, participants selected “New or Renegotiated Lease Revenues approximately four times more often than Across-the-Board Percentage Reductions. The results of the exercise are shown on the following table.



The most preferred revenue enhancement options were “new or renegotiated lease revenues” and “program cost recovery.” The least preferred were “across-the-board percentage reductions,” new or increased taxes,” and “land sales”.

One Councilmember suggested that using the across-the-board budget reduction method was the least desirable method because it took away the Council’s ability to comment and act upon the importance of various services and programs.

With respect to the program cost-recovery option, one Councilmember suggested that the imposition of fees to achieve full cost-recovery could hurt the people who could least afford full cost-recovery fees.

Although the amount of potential new revenue associated with new or renegotiated leases has yet to be estimated, a Councilmember stated that this method should be further investigated and pursued as it was the Council’s first choice amongst the listed options.

A Councilmember suggested that lease and cost-recovery revenue options be pursued before new fees and taxes. They further noted that the City characterizes cost-recovery for trash collection as a fee rather than a tax, and that cost-recovery for trash collection should be pursued as a cost-recovery fee - as all other local jurisdictions do.

One Councilmember suggested that it makes more sense for the Council to think about new fees that have substantial revenue potential instead of numerous minor fee adjustments to achieve full cost-recovery - often at the expense of those citizens who can least afford to pay them.

Regarding the possibility of land sales, Councilmembers suggested that they be given more information about City land that has been identified for possible sale. They expressed concern that certain land sales would not be acceptable to the public and that land sales in general prohibit the possibility of future City lease revenue.

Councilmembers seemed to agree that alternative revenue methods be pursued first and before pursuing new fees or taxes.

When asked why they least preferred the across-the-board percentage reduction method, Councilmembers agreed that it was not an effective way to make important budget decisions. They indicated that this method ignores the size of departments and the fact that many departments are already unable to perform critical City services due to a lack of funding.