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## OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

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**Date Issued:** June 18, 2010

**IBA Report Number:** 10-53

**City Council Meeting Date:** June 21, 2010

**Item Number:** 150

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# San Diego Data Processing Corporation Budget Presentation

## OVERVIEW

On Monday, June 21, 2010, the City Council will receive a presentation of the Fiscal Year 2011 Budget of the San Diego Data Processing Corporation (SDDPC), which was approved by its Board of Directors on March 25, 2010. This item is being presented to the City Council as an informational item.

As stated in the recently approved SDDPC By-Laws and Budget Policy, SDDPC shall present the Board-approved budget to the City Council, as an information only item, in accordance with the approved City budget policy. If requested, the SDDPC Budget can also be presented to the City's Budget and Finance Committee prior to presenting it to the full City Council. SDDPC presented its FY 2011 Budget to the Budget and Finance Committee on May 7.

The By-Laws also state that City Council shall have the opportunity to recommend changes to the budget. If any such recommendation is made, the City's Director of Information Technology, in his capacity as a member of the Board, shall present the recommendation for a vote at the next regularly scheduled or special meeting of the Board.

## FISCAL/POLICY DISCUSSION

The IBA provided an overview of the FY 2011 SDDPC Budget in IBA Report No. 10-37 "Review of the Fiscal Year 2011 Proposed Budget", as part of the description of the City's Agency Budgets. Much of the information provided at that time is again summarized in this report.

The FY 2011 Budget for SDDPC totals \$39.6 million, a decrease of \$5.6 million or 12.4%, and a reduction of 47 positions, compared to FY 2010. City funding to SDDPC (including OneSD and SDCERS) represents approximately 91%. The SDDPC Budget includes a mandatory one-week furlough in FY 2011, which continues from FY 2010.

<b>SUMMARY OF SDDPC BUDGET CHANGES</b>				
	<b>FY 2010</b>	<b>FY 2010 PROJECTED</b>	<b>FY 2011 PROPOSED</b>	<b>Budget Change</b>
Personnel (FTEs)	280	272	233	(47)
Salaries & Wages	20,230,000	20,631,000	17,608,000	(2,622,000)
Overtime	166,000	207,000	131,000	(35,000)
Fringe Benefits	6,604,000	6,255,000	6,120,000	(484,000)
<i>Subtotal</i>	<i>\$ 27,000,000</i>	<i>\$ 27,093,000</i>	<i>\$ 23,859,000</i>	<i>\$ (3,141,000)</i>
Non-Personnel				
Data/Voice Circuits & Lines	4,556,000	4,424,000	4,002,000	(554,000)
Professional Services	1,457,000	2,236,000	1,079,000	(378,000)
Equipment & Software Maintenance	5,367,000	5,040,000	4,921,000	(446,000)
Depreciation	4,985,000	4,538,000	3,996,000	(989,000)
Facilities	1,092,000	1,021,000	1,135,000	43,000
Supplies & Others	770,000	716,000	632,000	(138,000)
<i>Subtotal</i>	<i>\$ 18,227,000</i>	<i>\$ 17,975,000</i>	<i>\$ 15,765,000</i>	<i>\$ (2,462,000)</i>
<b>TOTAL</b>	<b>\$ 45,227,000</b>	<b>\$ 45,068,000</b>	<b>\$ 39,624,000</b>	<b>\$ (5,603,000)</b>

The City has begun efforts to seek competitive bids for the services currently provided by SDDPC, and City Council approval was recently obtained for the award of the Help Desk & Desktop Support functions to En Pointe Technologies, Inc. for FY 2011. These competitive efforts are expected to reduce City IT costs, and were contemplated as part of the FY 2011 budget development.

The FY 2011 SDDPC Budget is based on SDDPC no longer providing Help Desk & Desktop Support Services to the City. This change reduces SDDPC's budget for FY 2011 by 20 positions and \$2.3 million. At the budget hearing on May 7, SDDPC indicated that further reductions of \$3.4 million were attributable to efficiency savings and staffing reductions. Of the \$5.6 million reduction in SDDPC's annual budget, the City's General Fund directly benefits by \$2 million.

In total, the costs budgeted for FY 2011 for Information Technology needs across all General Fund Departments are \$5.3 million less than amounts budgeted for FY 2010, exceeding the December 2009 Adjustment of \$3 million.

## CONCLUSION

The City Council will receive an informational presentation of the Fiscal Year 2011 Budget of SDDPC, which was approved by its Board of Directors on March 25, 2010. While this item is informational only, the SDDPC By-Laws state that the City Council shall have the opportunity to recommend changes to the budget. If any such recommendation is made, the City's Director of Information Technology, in his capacity as a member of the Board, shall present the recommendation for a vote at the next regularly scheduled or special meeting of the Board.

The By-Laws also require an annual meeting at the first City Council meeting held in the month of February each year. The Corporation's Executive Director, Chief Financial Officer ("CFO") and the Chair of the Board shall present to the City Council or to such committee of the City Council as the City Council designates, an annual report of the Corporation which shall provide an assessment of the Corporation and describe its operations and financial outlook and include a copy of its Strategic Plan. The City Council may also request a special meeting, by resolution.

The IBA suggests that the City Council may want to consider any matters or issues it may wish to have more fully addressed at the annual meeting in February, or it may want to consider if a special meeting may be desired at an earlier date.

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