

EXECUTIVE SUMMARY

Update to Menu of Budget Options

OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

Date Issued: March 11, 2011

IBA Report Number: 11-15

City Council Docket Date: March 14, 2011

Item Number: 201

On February 14, 2011 the IBA presented the Menu of Budget Options to the City Council. The Menu consisted of 295 budget balancing options derived from a myriad of sources, including Councilmember budget memoranda, the final report from the Citizen's Revenue Review and Economic Competitiveness Commission, the Citizen's Fiscal Sustainability Taskforce (12/2009 and 9/2010 reports), San Diego Speaks, the San Diego County Taxpayers Association, presentations by various labor organizations, and other constituent suggestions.

This report builds upon the Menu of Budget Options presented at the February 14 meeting by providing a focused list of Menu options that may be feasible for implementation in FY 2012. ***It should be emphasized that this is not a list of options recommended by the IBA for implementation, but rather, a list of options that are recommended for further analysis.*** In addition, the IBA has attempted to identify Menu items that are either completed or underway, and has revised the Menu to reflect additional options that have been identified both during and since the February 14 meeting. Further Council direction is requested with respect to adding or removing items from the focused list of options recommended for further analysis.

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Update to Menu of Budget Options

OVERVIEW

As requested by the Budget and Finance Committee at the meeting of November 10, 2010, the IBA constructed a menu of options consisting of budget balancing ideas from various sources, such as Councilmember memos and reports, the Citizen's Revenue Review and Economic Competitiveness Committee, the Citizen's Fiscal Sustainability Taskforce (12/2009 and 9/2010 reports), San Diego Speaks, labor organizations, the San Diego County Taxpayers Association, and other constituent suggestions.

On February 14, 2011 the IBA presented the Menu of Budget Options to the City Council. The Menu was extensive, consisting of 295 options that were organized into various categories. Council feedback was requested regarding options that should be eliminated from the menu, options that should be added to the menu, or options on the menu that should be more thoroughly examined. At that meeting, Councilmembers expressed a desire to focus as a first priority on the Menu items that could be feasible for implementation in FY 2012, and also requested that information be provided on options that are underway or have been completed.

This report builds upon the Menu of Budget Options presented at the February 14 meeting by providing a focused list of Menu options that may be feasible for implementation in FY 2012; identifying Menu items that are either completed or underway; and revising the Menu to reflect additional options that were identified both during and since the February 14 meeting. Council feedback is requested on the focused list of options recommended for further analysis for FY 2012.

FISCAL/POLICY DISCUSSION

The Menu of Budget Options presented to the City Council on February 14 consisted of 295 budget balancing options derived from a myriad of sources, including various Councilmember budget memoranda, the final report from the Citizen's Revenue Review and Economic Competitiveness Commission, the Citizen's Fiscal Sustainability Taskforce reports (12/2009 and 9/2010), San Diego Speaks, the San Diego County Taxpayers Association, presentations by various labor organizations, and other constituent suggestions. These options were organized into the following categories:

- Managed Competition/Privatization
- Operational Reforms/Efficiencies
- Pension Reform
- Salary/Benefit Reforms
- Revenue Enhancements
- Service Level/Staff Reductions
- Miscellaneous/Other
- Service Level Maintenance/Enhancement/Restoration

In addition, a number of Menu options that were non-financial in nature were segregated and grouped into the following categories:

- Budget Policies and Practices
- Performance Management
- Administrative/Policy

This report builds upon the Menu of Budget Options as presented on February 14 by providing a focused list of Menu options that may be feasible for implementation in FY 2012, and that are recommended for further analysis; identifying Menu items that are either completed or underway; and updating the Menu by adding a number of new options that have been identified. These issues are described in greater detail below.

Menu Options Recommended for Further Analysis

Due to the extensive number of options on the Menu, providing a thorough analysis of every item would not be feasible in time for FY 2012 budget actions. In order to refine the Menu to a more manageable scale, the IBA has identified a focused list of options that are recommended for further analysis (Attachment 1). These are items that may be feasible for implementation in FY 2012 and have the potential for significant budgetary relief. In addition, because the City is currently in negotiations with labor unions, we have primarily focused on options that do not require meet and confer.

It should be noted that this list of options is not all-inclusive; there are other options that may be feasible for implementation in FY 2012, and we request Council feedback on any additional items to pursue. In addition, there are other options that the City may wish to

begin pursuing now that are more long-term in nature. *Finally, we strongly emphasize that this does not represent a list of options recommended at this time by the IBA for implementation.* Rather, the list simply represents a select group of options that are recommended for further analysis due to their feasibility for implementation in FY 2012, and the potential for significant budgetary relief. Council feedback is requested with respect to any additional options that should be further analyzed for FY 2012

Menu Options that are Initiated/Underway or Completed

The IBA has also attempted to identify Menu options that are currently initiated or underway, or that have been completed. These items are presented in Attachments 2 and 3, respectively. Attempting to categorize the Menu options in such a manner naturally presents a significant degree of “gray area,” and certain categorizations may be overly broad. However, the intent of identifying options that are either underway or completed is to illustrate the areas in which effort has been made, as well as highlight areas where further action may be warranted.

Menu options that have been identified as either initiated or underway include those that are currently being explored but require further study before implementation, or for which the implementation process is currently underway. However, this is not to suggest that further action on these options is unnecessary. Many of the items identified as being underway could be expedited or expanded in scope. For instance, while the City is currently in the process of implementing managed competition in several service areas, this effort could be expedited or expanded to other areas.

Options that have been identified as completed are those that have been successfully implemented in a particular function, department or fiscal year. Again, this does not mean that further action is unwarranted, or that maximum budgetary relief has been achieved. As with items identified as being underway, many of these options could be expanded to other department or areas, or repeated as budget solutions in future years. For example, while a 4/10/5 work schedule has been implemented for the Collections Division of the Environmental Services Department, there may be opportunities for expanding the use of such a work schedule in other areas of the City.

Menu of Budget Options Revised to Reflect Additional Ideas

Finally, the IBA has updated the Menu to reflect a number of additional ideas that were expressed both during and since the February 14 Council meeting. Despite its extensive (and growing) nature, the IBA felt that it was important to maintain the complete Menu of Budget Options as a central repository for all ideas. This allows for all existing ideas to be maintained and for new ideas to be added, but also provides the opportunity for the Council to identify select options for further consideration and analysis. The revised Menu of Budget Options has been included at Attachment 4. For simplicity, all additional ideas have been consolidated toward the end of the Menu.

CONCLUSION

On February 14, 2011 the IBA presented the Menu of Budget Options to the City Council. The Menu consisted of 295 budget balancing options derived from a myriad of sources, including Councilmember budget memoranda, the final report from the Citizen's Revenue Review and Economic Competitiveness Commission, San Diego Speaks, the San Diego County Taxpayers Association, presentations by various labor organizations, and other constituent suggestions.

This report builds upon the Menu of Budget Options presented at the February 14 meeting by providing a focused list of Menu options that may be feasible for implementation in FY 2012. ***It should be emphasized that this is not a list of options recommended by the IBA for implementation, but rather, a list of options that are recommended for further analysis.*** In addition, the IBA has attempted to identify Menu items that are either completed or underway, and has revised the Menu to reflect additional options that have been identified both during and since the February 14 meeting. Further Council direction is requested with respect to adding or removing items from the focused list of options recommended for further analysis.

[SIGNED]

Tom Haynes
Fiscal & Policy Analyst

[SIGNED]

APPROVED: Andrea Tevlin
Independent Budget Analyst

Attachments: 1. IBA Focused List of Options
2. Menu Options Initiated or Underway
3. Menu Options Completed
4. Revised Menu of Budget Options

IBA Focused List of Options Recommended for Further Analysis for FY 2012		
Menu #	Item	Description
1,10	Accerelate managed competition for refuse collection	Managed competition processes for Publishing Services and Fleet Maintenance are currently underway and could potentially generate savings in the FY 2012 budget depending on competition results and the timing of implementation. The next phase, as announced by the Mayor, will include Miramar landfill; street sweeping; Public Utilities call center, billing and collections; and sidewalk and street maintenance. Processes for these identified services will be carried out between now and FY 2013 with varying implementation dates. Trash collection, which costs the City's General Fund approximately \$30 million annually, and has proven to be one of the most viable candidates for managed competition in other large cities (e.g. Charlotte and Phoenix), has not yet been scheduled for managed competition. Both of these cities have experienced between 20-30 percent savings as a result of a managed competition process for trash collection, which in the case of Phoenix has spanned three decades. The managed competition process is labor intensive and the Business Office staff is at capacity with the six functions that have already been announced. However, based on the experiences of other cities in the area of trash collection, it may be worthwhile to consider reprioritizing the services and advancing the trash collection competition.
11	Expand the use of a 4/10/5 work schedule	A 4/10/5 work schedule is a change from the standard five day eight hour work week to four ten hour work days. The five signifies continuous coverage throughout the work week. This can be accomplished through various work schedules. Currently the Environmental Services and Police departments employ 4/10/5 work schedules. Savings could be achieved through reduced energy costs and vehicle usage. The IBA has spoken with the Environmental Services department and they are still evaluating the impacts to the City as a result of the implementation of a 4/10/5 schedule. A variation of the 4/10/5 work schedule is four ten hour work days with the fifth day off. Known as a straight 4/10 schedule, this variation is better employed where constant staffing is not necessary. Savings can be achieved by reduced energy costs as a result of a facility being closed on a specific day. However, these savings can be negated if the facility is not truly "shut down" for the designated day thus reducing the expected energy savings. It should be noted that any change to employees work schedule would require meet and confer with the City's labor organizations.
14	Implement Recovery Auditing Program	Recovery auditing can be used for 1) the post-payment review of accounts payable with the goal of identifying overpayments or 2) reviewing accounts receivable to ensure that funds are properly received and/or recovered. Councilmember DeMaio and the City Auditor believe it is reasonable to expect net recoveries in excess of \$500,000.

IBA Focused List of Options Recommended for Further Analysis for FY 2012		
18/155	Complete comprehensive review of all existing funds including their legal bases, current and planned uses and fund balances	For the FY 2009 budget, the IBA identified \$22.1 million in existing fund balances from several funds that were established years ago. No current plans existed for the use of these funds and no legal requirements mandated their existence. As part of the City Council's FY 2009 budget actions the Council requested the CFO to undertake a thorough review of all other existing funds for their purposes, necessity and fund balances. For example, we recently learned that the Cemetery Perpetuity Fund has a balance of over \$9 million. The Charter allows income from the sales of cemetery lots and income derived from the investment of moneys in the Perpetuity Fund, that is in excess of funding needed for cemetery maintenance, to be directed for other municipal purposes. A review of this and other existing funds could identify other fund balances for potential transfer to the General Fund for one-time uses. In 2009 the Comptroller was requested by the Council to undertake such a review however competing priorities have delayed this analysis.
39	Reduce the use of blanket subpoenas to help reduce police officer overtime	It is the IBA's understanding that the District Attorney issues a blanket subpoena to appear in court for every officer at the scene of an incident, even if the officers are not directly involved with the investigation. As a result, officers are required to appear in court will little chance that they will be called to testify ausing the City to incur overtime expenses. In response to this item, the San Diego Police department noted that they have a permanent sergeant assigned as a liaison with the District Attorney's Office regarding this issue. The Police Department also works with the Assistant Chief of the Superior Court to ensure that only officers and detectives that are absolutely needed for court are subpoenaed. For jury trials, officers and detectives are placed on "stand-by" and appear in court when needed. The Chief of Police monitors the use of court overtime on a regular basis and without these measures the department's overtime would be higher.
61	Eliminate cell phones, PDA's and other communication devices from all non-emergency personnel; review Citywide cell phone expenditures	The City currently has contracts with three wireless carriers for cell phone and data services with an estimated annual impact of \$2.7 million to the City (General Fund and Non-General Fund departments). The current contracts do not require an annual minimum revenue commitment. The issuance, monitoring, and use of wireless telephones are governed by City Administrative Regulation 90.20. The issuance of wireless telephones is determined by each department and per Administrative Regulation 90.20 requires a "Deputy Director or higher approval," to issue a cellular phone. In theory, savings could be achieved by eliminating cell phones thus reducing the City's annual expenses. A good example of the type of savings that could be achieved through the elimination of cell phones is the Police department. In January 2010, the department proactively eliminated 336 cell phones from service saving the City \$209,272 annually. However, it should be noted that the elimination of cell phones could have a negative impact on City operations thus requiring review of each cell phone user's duties which could take time to complete. On March 8, 2011 the City Council was asked to extend the current wireless contract with Verizon. At that meeting, the City Council directed staff to come back to council no later than September with a new RFP for wireless services. In addition, the Council requested staff to review various options regarding City wireless services including the reduction or elimination of cell phones where feasible and bring back the results to a Council committee.

IBA Focused List of Options Recommended for Further Analysis for FY 2012		
102	Reduce/eliminate management flex benefits	The City's benefits package provides for executives, managers and the legislative branch to receive an additional \$3,000 in their Annual Flexible Benefit allotments to help pay for premiums for health care, vision or dental insurance or for depositing into an IRA account. The MFB was implemented in 1978 as a recruitment incentive for top management positions. The annual cost of this benefit is approximately \$2.6 million City-wide, including \$1.8 million in General Fund costs. This estimate includes approximately 139 members of the Deputy City Attorney Association (DCAA) at a cost of \$417,000; elimination of this benefit for DCAA members would be subject to meet and confer.
122	Increase voluntary furlough or impose mandatory furlough	A mandatory furlough requires employees to take a specified amount of days off without pay during the fiscal year. A furlough is a common budget saving strategy used by cities and states across the country due to its potential for significant savings. The implementation of a mandatory furlough would require meeting and conferring with the City's labor organizations. It should also be noted that the current labor contracts with MEA, DCAA, and Teamsters include a voluntary furlough as an option for the members' to fulfill their 6% salary/benefit reduction. A very preliminary estimate of possible savings from a one week furlough for all General Fund Departments is \$9-\$10 million and \$3-\$4 million when excluding Police and Fire.
123	Expand use of Marketing Partnerships	Since 1999, the City has been generating revenue from marketing partnerships with corporations through its Corporate Partnership Program (CPP). The CPP's goals are to generate unrestricted revenue and in-kind support for City services through business arrangements with the corporate community. For example, sponsorship opportunities in and on City beach area public assets (lifeguard towers, information boards, trash cans, etc.) have the potential to generate significant annual revenue to support General Fund activities. The IBA recommends that the City more aggressively pursue these and other sponsorship opportunities.
138	Enact paid parking at beaches and regional parks	According to a 2005 staff report, there are 44 parking lots representing approximately 8,000 parking spaces within in the beach and bay area from Mission Bay Park to La Jolla Shores that are highly utilized during the peak season of Memorial Day through Labor Day, as well as weekends and holidays in March, April, May and September. If the City were to implement a parking fee during peak utilization times, it could generate significant revenue for the General Fund. It should be noted that any beach parking fee would need to be approved by the Coastal Commission. In addition, further legal analysis would be needed to determine whether such a fee could be imposed legislatively under Proposition 26, and whether parking revenues generated from Mission Bay Park would be considered lease revenues as defined by Proposition C in 2008.

IBA Focused List of Options Recommended for Further Analysis for FY 2012		
142	Sale of underutilized real estate assets	On March 1, 2011 the City Council was requested to approve the sale of the World Trade Center on Sixth Avenue to allow a non-profit organization to implement and operate a shelter for the homeless. This sale will result in new revenue to the City of over \$8 million. Per the City Charter, revenue from land sales is restricted to permanent public improvements including new construction or replacement/reconstruction. Projects which meet this criterion may be currently budgeted in the General Fund and which could be funded through land sales revenue. This could potentially free up General Fund revenue for other purposes. During the Council discussion of this item, City staff was requested to investigate opportunities for revenue from new land sales to offset existing and eligible General Fund expenses. In addition, the impact to ADA projects will need to be examined.
145	Implement False Alarm Fee for Fire-Rescue	The Police Department charges a false alarm penalty fee to recover the annual costs of false alarms. The fee schedule discourages repeat offenses with penalties that increase with the number of offenses. The Fire-Rescue Department has no such fee structure to recover the costs associated with false alarms. Over the last three years, Fire-Rescue has responded to approximately 6,300 false alarms a year at an estimated annual cost of \$542,000. The Department has been working for the past year to develop a fee structure that supports cost-recovery. Fire-Rescue has informed the IBA that they are planning to bring a false alarm penalty fee proposal forward for City Council consideration later in March or April 2011.
189	A five percent cut to Supplies and Services	In November 3, 2010 memo to City Council, CFO Mary Lewis presented the results of a recently completed analysis regarding the impact to departments, and the dollar amount to be saved, from a five percent reduction to the FY 2011 budget for contracts and supplies. Based on the analysis, a five percent reduction to the Contracts category for General Fund departments and other departments which affect the General Fund would save \$5.5 million, with an additional \$1.1 million related to a five percent reduction in the Supplies category. The analysis considered and omitted several expenditure accounts that are considered non-discretionary, where reductions could not be implemented.
200	Redevelopment Agency payment for Phase II Convention Center bond payments	Debt service on the Convention Center Phase II Expansion Bonds is approximately \$13.7 million per year. Under a Support Agreement, the Port District is responsible for making an annual payment of \$4.5 million to City in support of the bonds, resulting in a net City payment of approximately \$9.2 million. In November 2010 the City Attorney released legal opinion 2010-6, which determined that the Redevelopment Agency could pay for the debt service on the Phase II Bonds through a reimbursement agreement with the City, provided that certain findings can be made. It should be noted that this option may be impacted by the Governor's proposal to eliminate redevelopment agencies.

IBA Focused List of Options Recommended for Further Analysis for FY 2012		
202	Redevelopment Agency repayment of non-CDBG debt	On February 28, the City Council and Redevelopment Agency Board approved a Loan Repayment Agreement for approximately \$188.2 million in long-term debt to the City held by the Agency. While the majority of this debt is composed of CDBG and Section 108 funds, approximately \$12.9 million is from sales tax and other General Fund sources. Much of the General Fund debt is held by project areas that have the least ability to make payments at this time; however, the repayment of a portion of the General Fund debt may be feasible in FY 2012. While the Loan Repayment Agreement has already been approved, this option may be impacted if the Governor's proposal to eliminate redevelopment agencies is made retroactive, or if the Loan Repayment Agreement is otherwise invalidated.
47	Implement City Auditor's recommendation with respect to Unclaimed Funds in the City Treasury	In 2009, the City Auditor recommended and the Comptroller agreed to consider transferring unclaimed funds into the General Fund (in accordance with the City Charter section 86) after a period of one year. The City Auditor indicated there was approximately \$780,000 in unclaimed funds that had been held for over a year. Using feedback from the Office of the City Attorney, the Comptroller simply needs to decide whether to change the current practice of a three-year hold. A change in policy would result in a one-time General Fund infusion and acceleration of receipt of unclaimed funds going forward.
47	Implement City Auditor's recommendation for the Fire-Rescue Department to resume and retroactively bill for high-rise inspections	This was a recommendation in the Fire Prevention Audit released in October 2010. The audit estimates that approximately \$545,000 in high rise inspection fees was not recovered in FY 2010. If the same amount is assumed for FY 2011, the General Fund may be missing an opportunity to recover in excess of \$1 million.

MENU OF BUDGET OPTIONS - ITEMS INITIATED OR UNDERWAY	
<p>Items identified as either <u>initiated</u> or <u>underway</u> include those that are currently being explored but that require further study before implementation, or those that are in the process of implementation. Such options may potentially be expedited or expanded in scope.</p>	
Managed Competition/Privatization	
1	Implement Managed Competition
2	Competitively Bid 11 Functions (2 functions in process, 5 more scheduled)
4	Privatize Miramar Landfill (exploring Managed Competition)
7	Solicit proposals from bidders for Information Technology Services
Operational Reforms/Efficiencies	
13	Increase performance audits and City Auditor staff positions
18	Complete comprehensive review of all existing funds including their legal bases, current and planned uses and fund balances
19	Streamline management and admin structure/span of control (part of prior budget solutions)
21	Partner/consolidate services with State, County & other cities
25	Consolidate City office space and eliminate the use of underutilized rental space
26	Improve Fleet Tracking Technologies
38	Implement audit recommendations for Risk Management & Public Liability Fund
47	Implement City Auditor Recommendations
59	Eliminate excessive printers, fax machines, and copiers. One per location
Pension Reform	
66	Eliminate Retirement Offset Contributions (MEA, Lifeguards)
67	Continue to enforce "Substantially Equal" cost share for "normal retirement allowances" (SDCERS approved refinement of calculation 5/28/10)
71	Address purchase of service credit issue (SDCERS item)
76	Defined Contribution Plan for New Hires - non-Public Safety
77	Defined Contribution Option for Existing Employees
78	Defined Benefit-Defined Contribution Hybrid/second tier pension plans for new Public Safety employees (Fire, Lifeguard)
79	Continue SPSP waiver/compensation reduction
81	Seek "Negotiated Settlement" with Labor Unions on Pension Reform
83	Eliminate accrual of pension credits on terminal leave (DCAA, Fire, MEA, Lifeguard)
84	Continue to explore legal options for pension reform
87	Conduct a performance audit of SDCERS' administration of the City's pension system
88	Defined benefit based upon the highest three consecutive year average of an employee's salary (average of highest 3 years' salary for safety members)
OPEB Reform	
90	Retiree Health Care Reform
Revenue Enhancements	
123	Expand use of Marketing Partnerships

MENU OF BUDGET OPTIONS - ITEMS INITIATED OR UNDERWAY	
139	Explore revenue options from parking meters
142	Sale of underutilized real estate assets
145	Implement false alarms fee for Police and Fire
150	Cost of service study for storm water and refuse collection (storm water only)
151	Update user fees and cost recovery policies to ensure full cost recovery where appropriate
156	Analyze impact of City's opting in to the Teeter Plan
Service Level/Staff Reductions	
184	Reduce quantity and/or quality of services that it provides to its citizens
Miscellaneous/Other	
193	Seek grants to do energy retrofits to all City buildings that would afford energy and operational savings
198	Increase CCDC payments to benefit General Fund
200	<i>-Pay for Convention Center Debt Service</i>
201	<i>-Repayment of CDBG Debt</i>
202	<i>-Repayment of Non-GDBG Debt</i>
205	Reduce outside counsel needs
Service Level Restoration/Maintenance/Enhancement	
221	Retain community plan update funding
228	Improve stormwater runoff programs
NON-FINANCIAL	
Budget Policies & Practices	
235	Commit to using more structural changes than one-time fixes
Performance Management	
246	Develop department strategic plans & performance measures
254	Conduct performance audit of San Diego Medical Services Enterprise
255	Create task force on public safety service & staffing (Fire)
256	Continue to monitor, implement and maintain recommendations provided in the Kroll Remediation Plan
257	Improve and provide information about performance measures and service levels
Administrative/Policy	
266	Comprehensively address the issue of homelessness, and explore development of permanent homeless shelter
269	Obtain wide variety of input
270	Identify mandated city services (City Attorney's opinion)
272	Report results of all deferred maintenance assessments to Council upon their completion.
273	Determine causes for delay in completion of deferred maintenance/capital projects and development recommendations for improvements
275	Establish a process to identify and prioritize deferred maintenance and unfunded procurement needs
287	Encourage and support regional water supply solutions including Indirect Potable Reuse, storage and desalination

MENU OF BUDGET OPTIONS - ITEMS COMPLETED

Items identified as **completed** include those that have been successfully implemented in a particular function, department or fiscal year. Such options may potentially be expanded to other departments or areas, or repeated in future years.

Operational Reforms/Efficiencies

11	Expand the use of a 4/10/5 work schedule (Environmental Services Department)
19	Streamline management and admin structure/span of control (part of prior budget solutions)
25	Consolidate City office space and eliminate the use of underutilized rental space
32	Create a Single "Street Department" to improve infrastructure management
33	Streamline and shrink the vehicle pool
34	Eliminate take home cars for emergency personnel
37	Cancel Civic Center project/lock in lease rates (Civic Center project has been cancelled)
40	Complete and implement all Business Process Reengineering (BPR) studies (21 BPRs implemented as of October 2010)
41	Implement collection services BPR
42	Consider implementation of a zero-based budget approach for equipment outlay requests and an expenditure cap for consultant contracts
56	Evaluate each department of the City to determine potential cost savings, operational efficiencies and revenue enhancements (Evaluated through the BPR process - see #40)

Pension Reform

66	Eliminate Retirement Offset Contributions (all but lifeguards, MEA)
72	Complete DROP Cost Neutrality Study
78	Defined Benefit-Defined Contribution Hybrid/second tier pension plans for new Public Safety employees (Police)
79	Continue SPSP waiver/compensation reduction
83	Eliminate accrual of pension credits on terminal leave (127, POA, & unrepresented)
88	Defined benefit based upon the highest three consecutive year average of an employee's salary (average of highest 3 years' salary for new general members hired on/after 7/1/09)

OPEB Reform

94	Complete Retiree Health Care Study
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Salary/Benefit Reforms

99	General Salary Freeze
101	Cut city management salary (6% citywide)
113	Eliminate Terminal Leave (see #83)

Revenue Enhancements

143	Provide policy for sale of real estate assets to council
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MENU OF BUDGET OPTIONS - ITEMS COMPLETED	
Service Level/Staff Reductions	
180	Reduction to Arts & Culture Grant Funding and administration
182	Reduction to Storm Water Department
184	Reduce quantity and/or quality of services that it provides to its citizens
185	Eliminate vacant positions from the budget
Miscellaneous/Other	
199	Make PETCO Debt Service Payment by CCDC Permanent

MENU OF BUDGET OPTIONS

Managed Competition/Privatization	
1	Implement Managed Competition
2	Competitively Bid 11 Functions
3	Sell San Diego Data Processing Corporation
4	Privatize Miramar Landfill
5	Privatize Airports
6	Privatize Golf Courses
7	Solicit proposals from bidders for Information Technology Services
8	Consider outsourcing disability administration
9	Explore the feasibility of outsourcing the City's entire library system
10	Consider the benefits of outsourcing the entire trash collection operation
Operational Reforms/Efficiencies	
11	Expand the use of a 4/10/5 work schedule
12	Expand use of volunteers
13	Increase performance audits and City Auditor staff positions
14	Implement Recovery Auditing Program
15	Expand Revenue Audits
16	Transfer Revenue Audit and Appeals Division from City Treasurer's Office to the Office of the City Auditor
17	Performance audit of Revenue Audit and Appeals Division
18	Complete comprehensive review of all existing funds including their legal bases, current and planned uses and fund balances
19	Streamline management and admin structure/span of control
20	Review ERP/Initiate Full-Cost Accounting
21	Partner/consolidate services with State, County & other cities
22	Create consolidated Office of Management & Budget
23	Consolidate Management Analyst
24	Expand Use of "Fixed-Price" and "Perf.-Based" Contracts
25	Consolidate City office space and eliminate the use of underutilized rental space
26	Improve Fleet Tracking Technologies
27	Review the current contract between the City and the Chargers
28	Two-officer patrol units
29	Consider alternative methods of selecting investment advisors, including competitive bidding or reverse auction processes
30	Consolidate Personnel & Human Resources
31	Consolidate call centers for "One-Stop" service
32	Create a Single "Street Department" to improve infrastructure management
33	Streamline and shrink the vehicle pool
34	Eliminate take home cars for emergency personnel
35	Expand use of "Strategic Sourcing"
36	Explore County-wide procurement options
37	Cancel Civic Center project/lock in lease rates
38	Implement audit recommendations for Risk Management & Public Liability Fund
39	Reduce the use of blanket subpoenas to help reduce police officer overtime
40	Complete and implement all Business Process Reengineering (BPR) studies

MENU OF BUDGET OPTIONS	
41	Implement collection services BPR
42	Consider implementation of a zero-based budget approach for equipment outlay requests and an expenditure cap for consultant contracts
43	Explore the feasibility of establishing a Retired Senior Volunteer Program (RSVP) for the Library Department
44	Restructure City TV
45	Address city use of consultants
46	Programs removed from General Fund and supported by Franchise Fees and Enterprise Funds
47	Implement City Auditor Recommendations
48	Create a web based system where all equipment is under one roof and departments rent it out
49	Further develop a San Diego County regional response service
50	Transfer the Ethics Commission to the City Attorney's Office
51	Review Scripps Beach contract with the City
52	Eliminate all part time positions and spread the responsibilities amongst the full time employees
53	Have janitors come in earlier to work. This could save on costs related to light and energy of buildings for after hours work
54	Properly bill service level agreements
55	Outside contracts review
56	Evaluate each department of the City to determine potential cost savings, operational efficiencies and revenue enhancements
57	Consolidate office space
58	Provide employee credit card for health and dental benefits, thereby eliminating reimbursement process - streamlining
59	Eliminate excessive printers, fax machines, and copiers. One per location
60	Develop plan for QUALCOMM Stadium to become financially self-sufficient
61	Eliminate cell phones, PDA's and other communication devices from all non-emergency personnel; review Citywide cell phone expenditures
62	Encourage City employees to obtain phones cheaper on own, be reimbursed from city for city use
63	With department restructure and reorganizations, employees see moves from one office to another. Consider not moving office equipment and furniture - just move employees
64	Reduce personal spending within the city
65	Cut down one work day a week with heavy machinery to cut fuel cost (cuts fuel cost by 20%)
Pension Reform	
66	Eliminate Retirement Offset Contributions
67	Continue to enforce "Substantially Equal" cost share for "normal retirement allowances"
68	Apply "Substantially Equal" to Investment Gains/Losses
69	Implement "Substantially Equal" for elected officials
70	Switch to Defined Contribution retirement plan for elected officials
71	Address purchase of service credit issue
72	Complete DROP Cost Neutrality Study
73	Consider taking steps necessary to declare an immediate moratorium on all new DROP entrants pending the completion of the cost neutrality analysis
74	Reduce and Freeze "Pensionable" Pay
75	Change Pensionable Status of Special Pays

MENU OF BUDGET OPTIONS	
76	Defined Contribution Plan for New Hires - non-Public Safety
77	Defined Contribution Option for Existing Employees
78	Defined Benefit-Defined Contribution Hybrid/second tier pension plans for new Public Safety employees
79	Continue SPSP waiver/compensation reduction
80	Adopt Net Compensation Model
81	Use Charter Section 143.1 to Seek "Negotiated Settlement" with Labor Unions on Pension Reform
82	Amend language in Charter Section 143.1 that restricts the Mayor and City Council's ability to implement pension reform
83	Eliminate accrual of pension credits on terminal leave
84	Continue to explore legal options for pension reform
85	Pension Reform: remain competitive; employees fairly compensated
86	Investigate alternate retirement systems to determine whether SDCERS should be dissolved in favor of another system, a purely outsourced operation, or retention of the current system
87	Conduct a performance audit of SDCERS' administration of the City's pension system
88	Defined benefit based upon the highest three consecutive year average of an employee's salary
89	Restructure the pension debt with pension obligation bonds
OPEB Reform	
90	Retiree Health Care Reform
91	-Freeze Annual Benefit @ \$4,000
92	-Freeze Annual Benefit @ \$1,000
93	-Freeze Annual Benefit @ \$0
94	Complete Retiree Health Care Study
95	Provide update on retiree healthcare
Salary/Benefit Reforms	
96	Explore feasibility of eliminating disability benefits as a vested benefit
97	Preclude employees from "double dipping" in both workers compensation and disability pension payments
98	Monitor all people employees disability benefits to ascertain whether their disability continues or whether they are in fact gainfully employed elsewhere
99	General Salary Freeze
100	Reduce pay for those making \$100,000 a year or more
101	Cut city management salary
102	Reduce/eliminate management flex benefits
103	Suspend Management Leave & Vehicle Allowance
104	Non-Safety 2% Salary Reduction & Freeze
105	Increase employee salary reduction from 6% to 20%
106	Charter Amendment - Labor Cost Cap
107	Reform How Step Increases are Awarded
108	Reform Special Pays
109	-Suspend Emergency Medical Technician 8.5% Special Pay
110	-Eliminate Fire Admin. Assignment Pay
111	-Eliminate Master Degree Library Pay
112	-Additional Municipal Employees Association Special Pay Reductions
113	Eliminate Terminal Leave

MENU OF BUDGET OPTIONS	
114	Reform Holiday and Leave Policies
115	-Maximum Accumulation of Leave
116	-Reform and Cap "Pay in Lieu" Amounts
117	-Elimination of "Floating" Holiday
118	-Review Leave Policies in Fire Union Contract
119	Pension Reforms "Share in Savings" Bonuses
120	Explore the issue of Workers Compensation reform including a presentation on current and future programs to address this significant liability
121	Reduce unit cost of labor to affordable levels more comparable to that in the private sector
122	Increase voluntary furlough or impose mandatory furlough
Revenue Enhancements	
123	Expand use of Marketing Partnerships
124	Extend Tourism Marketing District (TMD)
125	Expand the TMD to include additional hotels and other tourism related businesses
126	Taxes should be broadly based, not industry specific
127	Repeal People's Ordinance, implement Refuse Collection Fee
128	Increase Storm Water Fees
129	Raise Sales and Use Taxes
130	Increase Transient Occupancy Tax (TOT)
131	Increase Property Transfer Tax
132	Increase Business license taxes
133	Reconfigure business license tax to be based on number of employees
134	Explore a commercial parking tax
135	Implement Utility users' taxes
136	Implement rental car tax
137	Charge the average level of taxes/fees charged in other major cities
138	Enact paid parking at beaches and regional parks
139	Explore revenue options from parking meter
140	Explore revenue options from fire protection zones
141	Assure that special events are cost-recoverable & in compliance with City permits
142	Sale of underutilized real estate assets
143	Provide policy for sale of real estate assets to council
144	Charge other local agencies for City services
145	Implement false alarms fee for Police and Fire
146	Increase nightclub-overcrowding fines to make inspections cost recoverable
147	Resume charging cost recovery fees for business tax collection, if appropriate
148	Investigate and possibly start a program to charge user or reservation fees for the fire rings on the beach
149	Expand the use of matching programs for gifts similar to the program used by Park & Recreation
150	Cost of service study for storm water and refuse collection
151	Update user fees and cost recovery policies to ensure full cost recovery where appropriate
152	Enact Cost Recovery for alarm permits, ambulance services, police & fire services outside of San Diego and business tax collection
153	Develop recommendations for achieving cost recovery for professional sports teams and others who utilize Petco Park and Qualcomm Stadium

MENU OF BUDGET OPTIONS	
154	Improve Use of Donations
155	Review all Special Revenue Funds to identify unrestricted fund balances
156	Analyze impact of City's opting in to the Teeter Plan
157	Enter into long-term leased for development of desirable City owned properties for development, such as parkland in Mission Bay, Balboa Park, Torrey Pines and the Qualcomm Stadium area
158	Charge First Responder Fees
159	Create revenue with Qualcomm stadium or turn it over to homeless
160	Enact a tax on marijuana sales
161	Provide permit use stickers for boat vessels on Mission Bay
162	Review recovery costs for the Safety Service at the Glider Port and implement user fees for vendors who conduct group activities on the beach, dive classes, exercise classes, kayak rentals, etc.
163	Charge an annual membership for dog parks
164	Non-emergency police/fire responses to charge a flat rate
165	Restore drinking at local beaches-charge \$5/day beach drinking permit
166	Increase dog license fees
167	Increase code compliance fees
168	Increase fees for Mt. Hope Cemetary
169	Beach parking fees for non-residents; residents could be provided with permits
170	Implement handling/processing fee for claims agaist City
171	Full cost recovery for City Clerk copies
172	Charge a fee for police officers to sign-off tickets (such as traffic violations)
173	Implement graduated parking fines for repeat offenders
174	Increase tax on General Obligation Bonds
175	Increase Parcel Tax rate (District Taxes)
176	Increase Benefit Assessments
177	Implement an Accident Negligence Fee
178	Implement a 9-1-1 Phone Fee
179	Increase the General Plan Maintenance Fee
Service Level/Staff Reductions	
180	Reduction to Arts & Culture Grant Funding and administration
181	Reduce Press Aides and Public Info Officers
182	Reduction to Storm Water Department
183	Cut Mayor and Council Budgets by 10%
184	Reduce quantity and/or quality of services that it provides to its citizens
185	Eliminate vacant positions from the budget
186	Amend Charter to reduce or eliminate the number of classified positions
187	If Council does not make required structural cuts to balance FY 11 budget place a "Citizen's Initiative" on the ballot that forces a permanent reduction of City staff by at least 1,500 people
188	Eliminate as a city obligation non-core services that are currently being provided without a self-sustaining revenue source
189	A five percent cut to Supplies and Services
190	Re-examine all public facilities usage (libraries, rec. centers, parks, pools) and reduce hours for underutilized facilities
191	Replace lifeguards and place signs that read "no lifeguards, swim at own risk"

MENU OF BUDGET OPTIONS

Miscellaneous/Other

192	Make 9th Council District "Budget Neutral"
193	Seek grants to do energy retrofits to all City buildings that would afford energy and operational savings
194	Achieve reform target of \$73 million per year on average
195	Freeze new spending at \$20 million per year
196	Convene a panel of bankruptcy experts to discuss the legal and financial ramifications of a Chapter 9 declaration of bankruptcy, in the context of a publicly noticed City Council or Council Committee meeting
197	Stop paying consultants and breaking up unions. Hire more union workers and pay their pensions.
198	Increase CCDC payments to benefit General Fund
199	<i>-Make PETCO Debt Service Payment Permanent</i>
200	<i>-Pay for Convention Center Debt Service</i>
201	<i>-Repayment of CDBG Debt</i>
202	<i>-Repayment of Non-GDBG Debt</i>
203	Push Port to continue annual \$4.5 million payment on Convention Center Expansion Bonds
204	Assist individual neighborhoods to form special assessment districts
205	Reduce outside counsel needs
206	Provide waiver option of Peace Officer Standards & Training (POST) for police officers
207	Resolve lawsuits outside of the courtroom
208	Hire additional administration to perform federal and state reimbursements (currently performed by a uniformed officer)

Service Level Restoration/Maintenance/Enhancement

209	Restore Fire-Rescue service/end brownouts
210	Prioritize and protect public safety services
211	Restore lifeguard services, including training and relief staffing
212	Identify plan for financing of Public Safety facilities
213	Fully integrate lifeguards and firefighters
214	Provide more funds for Youth Services; prepare impact study on loss of services to youth
215	If/when service levels are reduced allow communities to prioritize
216	Maintain public safety, streets & highways, parks, libraries, beaches, bays and other cultural amenities
217	Provide funding for enhanced input for Economic Prosperity Elements in Community Plans
218	Prevent any further reductions of public safety service levels
219	Retain civilian positions in the Police Department
220	Prioritize neighborhood parks and recreation centers
221	Retain community plan update funding
222	Save the Citizen's Emergency Response Team (CERT) Programs
223	Create a 501(c)(3) to support CERT
224	Save Small Business Enhancement Program (SBEP)
225	Support Business Improvement District Council Micro District Funding
226	Provide adequate staffing levels to meet our obligations and deliver core city services
227	Repair and build water, sewer, solar roofs, and wind power
228	Improve stormwater runoff programs

NON-FINANCIAL

MENU OF BUDGET OPTIONS	
Budget Policies & Practices	
229	Adopt 5-Year Spending Cap w/Infrastructure Reserve
230	Comply with the guiding principles of our Structural Budget Elimination plan
231	Consider alternatives to Library Ordinance, which requires 6% of General Fund budget be allocated to library uses
232	Deposit revenues in excess of projected amounts in a Fiscal Recovery Reserve Account
233	Transfer a percentage of revenue to savings; provide proactive rather than reactive budget management
234	Adopt a Performance-Based Budget Ordinance
235	Commit to using more structural changes than one-time fixes
236	Budget discipline on future spending and future surpluses
237	Adopt concept of rolling multi-year budget cycle
238	Standardize cost/benefit analysis and incorporate into budgeting process
239	Charter amendment - GF spending cap
240	Charter amendment - Infrastructure Reserve Fund
241	Properly account & budget for infrastructure deficit
242	Adopt concept of a "Poison Pill" - a pre-approved formula for meeting future revenue shortfalls should the Mayor/City Council be unable to structurally solve the problem using normal procedures
Performance Management	
243	Enhance employee performance reviews
244	Improve employee training programs
245	Eliminate "Last Hired, First Fired" policy
246	Develop department strategic plans & performance measures
247	Require "Performance Contracts" with all Department managers
248	Publish annual performance report card
249	Post compensation & labor contracts online
250	Post all City contracts online
251	Post City checkbook online
252	Monthly comment & question session with the Mayor
253	Enable city transactions online
254	Conduct performance audit of San Diego Medical Services Enterprise
255	Create task force on public safety service & staffing
256	Continue to monitor, implement and maintain recommendations provided in the Kroll Remediation Plan
257	Improve and provide information about performance measure and service levels
258	Provide updates on the use of outside Counsel
259	Monitor service level impacts
260	Aggressive timeline and milestones for Structural Budget Deficit Elimination Plan
261	Standardize contracts and performance measures
Administrative/Policy	
262	Expand access to Council docket
263	Provide a financial plan for the Centre City Redevelopment Area
264	Establish high school internship program as part of regular curriculum
265	Promote citywide broadband internet access

MENU OF BUDGET OPTIONS	
266	Comprehensively address the issue of homelessness, and explore development of permanent homeless shelter
267	Declare a Fiscal State of Emergency
268	Establish a fact-based dialogue with citizens to establish a common vision of what services voters want and how much they are willing to pay for them
269	Obtain wide variety of input
270	Identify mandated city services
271	Timeline with outcomes for Structural Budget Deficit plan
272	Report results of all deferred maintenance assessments to Council upon their completion.
273	Determine causes for delay in completion of deferred maintenance/capital projects and development recommendations for improvements
274	Consolidate Southeaster Economic Development Corporation into Redevelopment Agency
275	Establish a process to identify and prioritize deferred maintenance and unfunded procurement needs
276	Honor contractual commitments
277	Encourage small business growth and create job friendly environment
278	Implement "Open for Business" strategy
279	-Strengthen & expand Business Improvement Districts
280	-Redefine role of Office of Small Business
281	-Consolidate Small Business Enhancement Grants
282	-Streamline Special Event permitting & management
283	-Resist/reject tax and fee increases
284	Implement Citizen's Revenue Review and Economic Competitiveness Commission (CRRECC) recommendations on attracting and retaining businesses
285	Direct Risk Management to develop a comprehensive risk & liability management plan
286	Address structural problems of refuse disposal and recycling funds
287	Encourage and support regional water supply solutions including Indirect Potable Reuse, storage and desalination
288	Support additional sustainable energy production
289	Implement "cradle to permit" project management
290	Develop a long-term strategic plan for the Environmental Growth Fund
291	Track Assembly Bill 32, Greenhouse Gas Emission Reduction
292	Find a way to retain attorneys and provide job security
293	Exercise discretion in pursuing litigation
294	Develop working client relationships
295	Effective retention program
ADDITIONAL ITEMS	
296	Reduce staff support to boards, commission and community groups
297	Hard freeze on filling all vacant positions
298	Transfer up to \$2.145 billion in (real estate?) assets to retirement fund
300	Transfer up to \$700 million in (real estate) assets to retiree healthcare
301	Restore City services to 2001 levels
302	Formulate a citizen's committee to address all options, with a 3-5 year implementation
303	Automate purchasing and contracting processes; implement reverse auction procurement
304	Increase lease revenues from golf course properties