

CITY OF SAN DIEGO
OFFICE OF THE INDEPENDENT BUDGET ANALYST

MONTHLY SNAPSHOT OF REPORTS AND ACTIVITIES

Reports Highlighted for the Month of January 2010:

Highlights of Major Reports Issued in the Month of January:

Report No. 10-01 “Developing a Structural Budget Deficit Elimination Plan”

The City of San Diego is making a commitment to permanently eliminate its structural budget deficit by developing a Structural Budget Deficit Elimination Plan. The IBA believes such a plan must apply a balanced approach, including a mix of expenditure reductions, operational efficiencies, and new revenue sources. The plan must also be inclusive and open to different perspectives and a variety of inputs.

To facilitate this work, in this report, the IBA has compiled guiding principles and key elements of recommendations from varied sources who have studied these matters extensively. The IBA has suggested guiding principles as a starting point. Once agreed upon, an action plan, implementation steps and timeframes can be developed and adopted for each principle.

This report was first presented at the January 6, 2010 meeting of the Budget and Finance Committee, where Committee Chair Young requested memorandums from all Councilmembers regarding their suggestions related to the Structural Deficit Elimination Plan and Councilmember Faulconer requested the IBA to reference the Kroll Report in the Plan.

On January 27, 2010 the Budget and Finance Committee again discussed the principles and the Council’s memos. The Committee also requested input from the Mayor, and adopted the principles proposed by the IBA and recommended to forward them to the full Council, at which time Mayoral input will be provided. This item will be heard at City Council in late February.

Report No. 10-03 “City of San Diego Proposed Small Local Business Enterprise Program”

On Monday, January 11, 2010 the City Council approved necessary actions to establish a Small Local Business Enterprise Program (SLBE) that would apply to Public Works, Consultant, and Goods & Services contracts.

The SLBE will offer the City an additional option to help ensure that all segments of the local business community have a reasonable and significant opportunity to participate in City Contracts. The SLBE program will be in addition to the City’s existing Subcontractor Outreach Program and will be administered primarily by the City’s Equal Opportunity Contracting Program (EOCP) but will also involve other City departments including Purchasing and Contracting, and Engineering and Capital Projects.

The IBA supports the implementation of the SLBE program. While the SLBE program could have a fiscal impact to the City, the IBA notes that any increased costs will need to be weighed against the overall benefit associated with the increased participation in contracting opportunities afforded to local small and disadvantaged business enterprises.

The IBA recommended that the more specific audit language found in the Administration Department’s 12/22/09 SLBE Program Overview be included in the Municipal Code and the revised Council Policy.

“Developing a Structural Budget Deficit Elimination Plan”

[Report No. 10-01](#) (1/4/10)
[Attachment 1](#) (7/15/09)
[Attachment 2](#) (1/4/10)
[Attachment 3](#) (1/4/10)
[Attachment 4](#) (1/4/10)

“City of San Diego Proposed Small Local Business Enterprise Program”

[Report No. 10-03](#) (1/8/10)

“Status of Citizen Survey”

[Report No. 10-05](#) (1/21/10)
[Attachment 1](#) (1/21/10)
[Attachment 2](#) (1/21/10)

“Proposed Changes to the City’s Debt Policy”

[Report No. 10-06](#) (1/21/10)

Report No. 10-05 “Status of Citizen Survey”

At the Budget and Finance Committee meeting of January 6, 2010, the IBA presented “Developing a Structural Budget Deficit Elimination Plan” (IBA Report 10-01). One of the elements of this plan includes administering a citizen survey consistent with City Council direction as part of the FY 2010 budget adoption and the adopted City Council fiscal reforms.

This report provided an update on the status of the Citizen Survey at the January 27, 2010 meeting of the Budget and Finance Committee. The IBA is working with Behavior Research Center to develop a research survey to gauge citizen satisfaction with existing service levels, service prioritization, willingness to pay more to maintain city services, as well as general perceptions of the City. A draft of the survey was provided as Attachment 1 in order to solicit input before the survey is initiated.

Following the IBA presentation, Committee members offered feedback to the IBA. On January 28, 2010 at the meeting of the Citizens’ Revenue Review and Economic Competitiveness Commission, the survey was further discussed and additional feedback was given to the IBA. An updated version of the survey will be presented at the February 17, 2010 meeting of the Budget and Finance Committee. The survey will be administered during the months of February and March 2010, with results expected in April 2010.

Report No. 10-06 “Proposed Changes to the City’s Debt Policy”

This report commented on the proposed revisions to the City’s Debt Policy. The Policy was last reviewed on October 27, 2008. Proposed changes to the Policy were presented to the Budget and Finance Committee on December 2, 2009.

The City Council adopted the City’s Debt Policy (Policy) on November 6, 2007. The Policy documents the City’s procedures and goals for the use of debt to finance the City’s needs. In adopting the Policy, the City Council requested that proposed additions and/or revisions to the Policy be brought back to Council annually for review. The Council further requested that the Policy update be accompanied by a discussion of developments in the financial markets, the City’s anticipated financing calendar and a debt profile of the City and its related entities.

The IBA reviewed and supports the proposed changes to the City's Debt Policy. We continue to recommend that the Council's request for a separate policy for Redevelopment Agency debt be developed for inclusion as an appendix to the Policy. Additionally, we suggested that requested Policy flexibility to transfer responsibility for special district formation and debt issuance/administration from the City to JPAs may benefit from additional analysis prior to a CFO recommendation for the utilization of this option.

This report was presented at the January 25, 2010 meeting of the City Council. After Council consideration, the Council directed the policy be returned for further discussion at the Budget and Finance Committee in the near future.

Other Reports Issued in the Month of January 2010:

Report No. 10-02 (1/6/10) (PDF:139K)

“Accounting and Cost Variance Information Related to Petco Park Development Project”

Report No. 10-04 (1/8/10) (PDF:86K)

“Adopting a Conflict of Interest Code for Community Parking District Advisory Boards”

Report No. 10-07 (1/22/10) (PDF:262K)

“Update on City Budget Policy”

Report No. 10-08 (1/22/10) (PDF:108K)

“Kroll Recommendations Related to the Proposed Guiding Principles for a Structural Budget Deficit Elimination Plan”

Report No. 10-09 (1/28/10) (PDF:89K)

“Implementation of Recommendations Identified in the October 26, 2009 Performance Audit of the Streets Division”

Report No. 10-10 (1/29/10) (PDF:1MB)

“Proposed Ordinance Amending the Municipal Code to Authorize Special Tax Financing for "Conservation Improvements"”

The IBA has updated our “Citizen’s Guide to the City’s Budget Process.” Please visit our lobby or website at www.sandiego.gov/iba for the latest version.
