

# MONTHLY SNAPSHOT OF REPORTS AND ACTIVITIES

## Highlights of Major Reports Issued in the Month of June:

### [Report No. 10-47](#) “Approval of the Fiscal Year 2011 Budget”

The IBA presented [Report No. 10-43](#) “Fiscal Year 2011 Final Budget Report and Recommendations” to the Special Joint Meeting of the Committee on Budget and Finance and the City Council Committee of the Whole on May 26, 2010. This was the first of two Charter-required public hearings on the Mayor’s Proposed Budget prior to final City Council budget decisions and approval, which is necessary by June 15 each year.

At the May 26 Special Joint Meeting, the Council moved to continue discussion of this item to the City Council meeting of June 14, 2010, and directed the Independent Budget Analyst to include additional options for resources, including \$500,000 in funding proposed in the Mayor’s May Revise for the Phyllis Place road connection study.

This report reviewed the outstanding FY 2011 budget issues as identified in IBA Report 10-43 and discussed on May 26<sup>th</sup>, and updated previously identified resource options.

On June 14 the City Council voted 5-1 (with two council members absent) to adopt the IBA’s recommendations with modifications.

### [Report No. 10-48](#) “Fiscal Year 2010 Year-End General Fund Solution and Appropriation Adjustments”

The Chief Financial Officer and Chief Operating Officer issued the Fiscal Year 2010 Year-End General Fund Solution and Appropriation Adjustments Report on June 9, 2010 (June 9 Report).

On June 14, 2010, the City Council was asked to accept the report, and authorize the requested appropriation adjustments. Amendments to the Appropriation Ordinance (AO) require two public hearings. Following the first public hearing on June 14, the Council’s adoption of the AO amendment took place at the time of the second public hearing, which was held on June 22, 2010.

The June 9 Report is intended to accompany the Fiscal Year 2010 Year-End Budget Monitoring Report issued on May 20, 2010. The Budget Monitoring Report described the current status of revenues and expenditures, and year-end projections, based on actual (unaudited) data from July 1, 2009 through March 2010 (Period 9 out of 13), and reflected a General Fund deficit of \$7.8 million. The report included no recommendations on how to address the projected shortfall.

The delay by the Mayor in providing recommendations for corrective actions to balance the FY 2010 budget negatively impacted the Council’s ability to finalize its decisions related to the FY 2011 budget. To avoid this in the future, the IBA made recommendations on how to improve the budget monitoring process and these recommendations are listed in the report.

## Reports Highlighted for the Month of June 2010:

“Approval of the Fiscal Year 2011 Budget”

[Report No. 10-47](#) (6/10/10)

“Fiscal Year 2010 Year-End General Fund Solution and Appropriation Adjustments”

[Report No. 10-48](#) (6/11/10)

“Additional Analysis Regarding an Increase to CCDC Tax Increment Limit”

[Report No. 10-54](#) (6/18/10)

“San Diego New Central Library”

[Report No. 10-56](#) (6/24/10)

“Designating the Mayor as Executive Director of the Redevelopment Agency”

[Report No. 10-58](#) (6/25/10)

“Mayor’s Fiscal Year 2011 Line Item Budget Veto”

[Report No. 10-59](#) (6/25/10)

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## **Report No. 10-54 “Additional Analysis Regarding an Increase to CCDC Tax Increment Limit”**

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This report was provided in response to the May 24, 2010, memorandum from Council President Pro Tem Faulconer requesting additional analysis regarding a potential increase in the tax increment cap for the Centre City Redevelopment Project. While the analysis provided in [IBA Report No. 10-36](#), [Attachment 1](#), [Attachment 2](#) indicated that a cap increase could result in a cumulative \$300 million reduction in General Fund property tax of from FY 2011 to FY 2043, this report illustrated the potential General Fund benefits of a cap increase, including the value of future projects to be completed by the Agency, the projected increase in private investment, and the potential increase in revenue from sales tax and TOT.

As a result of these factors, and the future property tax benefit due to anticipated higher growth in assessed valuation, we believe that increasing the tax increment cap will be a net positive for the General Fund over the long-term. However, additional analysis is required to more precisely quantify these financial impacts. As such, we support the requested authorization to proceed with the necessary consultant studies and reports in preparation of a proposed amendment to the Centre City Redevelopment Plan.

At the June 22 City Council meeting the City Council voted unanimously to proceed with this authorization.

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## **Report No. 10-56 “San Diego New Central Library”**

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On June 28, 2010 the City Council considered actions to approve the construction of a New Central Library, estimated at a total cost of approximately \$185 million, to be located in the East Village neighborhood in downtown San Diego.

The City Council first approved actions relating to architectural design in August 1996. Over the past 14 years, the project has moved forward in an incremental fashion, with various actions approved by the Council and the Redevelopment Agency related to funding, planning, design and construction.

Obstacles that have been encountered have been tackled and creative solutions identified to continue the momentum towards the construction of a New Central Library. The California State Library has pledged \$20 million to the project, and the San Diego Public Library Foundation has and continues to campaign to secure private donations. In April 2010, the Council approved a Lease Agreement with the San Diego Unified School District (SDUSD) for the inclusion of a charter school on the 6<sup>th</sup> and 7<sup>th</sup> floors of the library building in exchange for \$20 million.

This project was last considered on June 16, 2010 by the Rules, Open Government, and Intergovernmental Relations (Rules) Committee. Committee members provided comments and feedback to the Mayor’s staff and voted to refer this item to the Council for consideration. This report provides additional information related to the proposed actions, highlights some of the previous concerns raised by the IBA, and suggests areas that the Council may want to consider for future policy discussion.

On June 28 the City Council voted 6-2 to approve actions to begin construction on a downtown library.

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## **Report No. 10-58 “Designating the Mayor as Executive Director of the Redevelopment Agency”**

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On Tuesday, June 29, the Redevelopment Agency was requested to extend the Mayor’s designation as the Executive Director of the Redevelopment Agency for an additional 12 months, through June 30, 2011. Following the passage of the Strong Mayor trial form of government, the Redevelopment Agency amended the Agency Bylaws on November 15, 2005 to designate the Mayor as the Executive Director. This designation has been extended six times since the initial action, and is currently set to expire on June 30, 2010.

On June 29 the Redevelopment Agency adopted a motion to extend the Mayor’s designation as the Executive Director of the Redevelopment Agency for an additional six months.

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## **Report No. 10-59 “Mayor’s Fiscal Year 2011 Line Item Budget Veto”**

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In a June 23, 2010 memo to the City Clerk, the Mayor vetoed the following line item adopted by the City Council as part of the FY 2011 Budget Adoption Resolution:

“BE IT FURTHER RESOLVED that the Budget Policy is to be amended to incorporate the IBA’s suggestions to revise the Budget Monitoring Process.”

The Mayor provided as a reason for his veto that strong internal controls already exist and that any such changes should be subjected to a full public discussion.

The IBA suggested these revisions to the Budget Monitoring Process as a result of projected deficits not being sufficiently addressed by Financial Management in either the FY 2010 Mid-Year Report or the May 20, 2010 Year End Report. At the June 29 City Council meeting the City Council voted unanimously to override the Mayor’s veto.

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## **Other Reports Issued in the Month of June 2010:**

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**Report No. 10-49** (6/14/10)

**“Mayor and City Council Transient Occupancy Tax Allocation Process”**

**Report No. 10-50** (6/18/10)

**“Redevelopment Agency Fiscal Year 2011 Budget”**

**Report No. 10-51** (6/18/10)

**“Community Development Block Grant Loan Repayment Agreement”**

**Report No. 10-52** (6/18/10)

**“Update on FY 2011 Statement of Budgetary Principles”**

**Report No. 10-53** (6/18/10)

**“San Diego Data Processing Corporation Budget Presentation”**

**Report No. 10-55** (6/24/10)

**“Amendment to Actuary Services Agreement with Buck Consultants”**

**Report No. 10-57** (6/24/10)

**“Proposed Ballot Measure to Amend Charter Section 30, 40, and 117 for the November 2010 Election”**

**Report No. 10-60** (6/28/10)

**“Review of Proposed Ballot Measures for the November 2010 Election”**

**Report No. 10-61** (6/29/10)

**“Response to Grand Jury Report “Ethical Political Practices-Enforcement of Campaign and Lobbying Laws”**



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