

CITY OF SAN DIEGO
OFFICE OF THE INDEPENDENT BUDGET ANALYST

MONTHLY SNAPSHOT OF REPORTS AND ACTIVITIES

Reports Highlighted for the Month of **October** 2009:

Highlights of Major Reports Issued in the Month of October:

[Report No. 09-83](#) “City of San Diego Proposed Budget Policy”

On Monday, October 26, 2009, the City Council approved the City of San Diego Proposed Budget Policy. The Budget Policy establishes guidelines for budget development, budget monitoring and fiscal planning, and sets standards for sound budgetary practices.

Prior to Council action, the IBA reviewed the proposed budget policy, and provided feedback to the Financial Management Department. Many of the IBA’s concerns and suggestions were previously addressed and incorporated.

The IBA expressed concern that the budget policy related to retiree health obligations is unclear as to the City’s commitment to continue to fund these obligations at either the current level, or an increased level, in the future. This report noted that the City Council may wish to discuss the funding strategy for OPEB in more detail, and suggests more specificity for inclusion in the budget policy. Alternatively, the Council may wish to consider providing direction that a funding strategy be developed separately from the budget policy.

Additionally, the IBA developed a course of action to link performance measures to the annual budget process. It was recommended that the issue of linking performance measures to the annual budget process be returned to the Budget and Finance Committee and full Council as time allows and that the budget policy be revised accordingly at a later date.

[Report No. 09-80](#) “Development Services Department Memorandum and Its Implications for the Medical Marijuana Task Force”

The purpose of this IBA report was to outline how the Medical Marijuana Task Force’s activities can align with the pending Planning Commission hearing and the related administrative procedures that will follow. The IBA recommended that a Task Force representative be present at the November Planning Commission meeting to offer testimony regarding the findings of the Task Force to serve as guidance for the Commission’s actions.

Per Resolution R-305234, The Medical Marijuana Task Force has been tasked to report back to the City Council by the end of 2009 with recommendations regarding land use and zoning issues for medical marijuana cooperatives and collectives. The November Planning Commission meeting will provide an opportunity for the Task Force to speak to some of its recommendations before the end of year City Council Meeting. Throughout the future administrative procedures involved in addressing issues related to medical marijuana collectives and collaboratives, the Task Force can be integral in providing advice and guidance.

“City of San Diego Proposed Budget Policy”

[Report No. 09-83](#) (10/22/09)
(PDF: 172K)

[Attachment 1](#) (10/22/09) (PDF: 73K)

[Attachment 2](#) (10/09) (PDF: 468K)

“Development Services Department Memorandum and Its Implications for the Medical Marijuana Task Force”

[Report No. 09-80](#) (10/14/09)
(PDF: 42K)

“Civic Center Complex Exclusive Negotiation Agreement (ENA)”

[Report No. 09-78](#) (10/8/09)
(PDF: 211K)

[Attachment A](#) (9/2/09) (PDF: 370K)

“Response to the Center on Policy Initiatives’ July 28, 2009 Memorandum regarding Green Jobs in Public Works Contracts by the City”

[Report No. 09-77](#) (10/8/09)
(PDF: 172K)

“IBA Review of the Mayor’s Five-Year Outlook, FY 2011 - 2015”

[Report No. 09-75](#) (10/2/09)
(PDF: 396K)

Report No. 09-78 “Civic Center Complex Exclusive Negotiation Agreement (ENA)”

On Monday, October 12, 2009 the City Council approved the necessary actions to authorize the execution of an Exclusive Negotiation Agreement (ENA) with Gerding Edlen Development Corporation (GED) for the development of the Civic Center Complex including a new City Hall.

In a June 10, 2009 Report to the Rules Committee on the Civic Center Complex Proposal (IBA Report 09-48), the IBA recommended that the Rules Committee, followed by the City Council, begin discussion on parameters to be included in a successful ENA. Many of those parameters have been included in the draft ENA.

The purpose of this report was to review initial IBA recommendations and observations; provide additional analysis of new developments since the issuance of IBA Report 09-48; and review and provide recommendations on the draft ENA. Previously identified items to consider included discussion regarding the City’s Emergency Operations Center, Fire Station #1 and the Main Library. New items for considerations reviewed included the impact of future City personnel reductions and Build America Bonds.

Report No. 09-77 “Response to the Center on Policy Initiatives’ July 28, 2009 Memorandum regarding Green Jobs in Public Works Contracts by the City”

On Wednesday, July 29, 2009, the Rules, Open Government and Intergovernmental Relations Committee (Rules) heard a presentation from Ken Kimball from KHK Inc. on “Health, Safety, and Training in a Green Economy”. In addition, Murtaza Baxamusa from the Center on Policy Initiatives (CPI) discussed a memorandum on green jobs in public works contracts by the City. As a result of the presentations, the Rules Committee directed the IBA to complete further analysis on the CPI memorandum and to propose a policy with recommendations on how to implement such parameters within City contracts. In preparing this report, the IBA consulted with the City Attorney’s Office, CPI, General Contractors Association, Associated Builders and Contractors, and KHK Inc.

Based on information provided by City departments and representatives from the building industry, many current State and City codes and policies already address the objectives discussed in the July 28, 2009 memorandum. We do point out areas where increased monitoring or enforcement could be implemented by the City to address current codes and policies. However, increased monitoring or enforcement could require additional staff and/or have substantial impacts on current programs. These impacts would need to be carefully weighed against other core services provided by the City, especially in light of the projected deficit for Fiscal Year 2011.

Report No. 09-75 “IBA Review of the Mayor’s Five-Year Outlook, FY 2011-2015”

The Five-Year Financial Outlook for Fiscal Years 2011-2015 represented the fourth iteration in the series of long-term financial outlooks developed under Mayor Sanders. As with the Outlooks in prior years, the FY 2011-2015 Outlook projected significant deficits in each year of the forecast period. According to the Outlook, the City faces an FY 2011 General Fund deficit of more than \$179 million, the largest annual deficit projected in any of the previous Outlooks.

The IBA largely concurred with the financial projections reflected in the FY 2011-2015 Outlook. Through our review and analysis, we identified a number of risks that could potentially exacerbate the projected deficits during the Outlook period. As in the past, we have also identified some factors that could help mitigate the shortfalls, though none of these items can generate the necessary savings or be enacted in time to address the FY 2011 deficit in any significant way. More notable, and in contrast with our three prior reviews of the Mayor’s Outlooks, is that we believe there are few viable solutions available short of reductions to City services and positions. Given the magnitude of the projected deficits and the severity of the budget reductions that will likely be needed, it is critical that a comprehensive and deliberate plan of action be established. To this end, we believe that a process should begin immediately to define the City’s core services in order to begin establishing funding priorities.

Other Reports Issued in the Month of October 2009:

[Report No. 09-81](#) (10/16/09) (PDF: 91K)

San Diego City Employees' Retirement System Request to Amend San Diego Municipal Code Section 24.1102

[Report No. 09-79](#) (10/9/09) (PDF: 66K)

Development Services Department Fee Proposal

[Report No. 09-76](#) (10/1/09) (PDF: 308K)

[Attachment](#) (6/18/09) (PDF: 321K)

Proposed Amendments to the City's Landscape Regulations

Upcoming Dates:

Monday, November 16 **City Council Review of First Quarter Report**

Wednesday, December 2 **Budget and Finance Committee meeting to review budget reductions**

Thursday, December 3 **IBA report release for budget reductions**

Monday, December 7 **First Public Hearing for amendment to AO—City Council review of proposed budget reductions**

Monday, December 14 **Second Public Hearing for amendment to AO—City Council introduction and adoption of proposed budget reductions**

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.
