

City of San Diego
Office of the Independent Budget Analyst

MONTHLY SNAPSHOT OF REPORTS AND ACTIVITIES FOR JUNE 2011

Reports Highlighted for the Month of June 2011:

Highlights of Major Reports Issued in the Month of June:

[Report No. 11-31](#) “IBA Recommended Revisions to the Mayor’s Proposed FY 2012 Budget and May Revise”

The IBA’s review of the Mayor’s Proposed FY 2012 budget was issued on April 29, 2011 as IBA Report No. 11-25. On May 19, 2011 the Mayor issued the May Revision to his Proposed Budget. In Report No. 11-25 we provided information regarding budget balancing options and service priorities that the City Council had included in their April 12, 2011 Budget Resolution and we noted which items had been addressed by the Mayor in his Proposed Budget.

This report recommended revisions to the Mayor’s Proposed Budget as amended by the Mayor’s May Revise issued on May 19, 2011. Our recommendations took into account the Council’s May 25/26, 2011 budget memos; the results of our initial review of the Mayor’s Proposed Budget as well as the May Revise; additional IBA review and analysis of items from the Council’s Budget Priorities Resolution; and further discussions with City management as well as operations staff.

On June 6, 2011 the City Council voted 7-1 for approval of the FY 2012 budget including revisions to the Mayor’s May Revise such as restoring all browned-out fire engines on July 1; restoring library hours; restoring 3.00 FTE lifeguard positions and providing funding for training; and restoring Park and Recreation Department’s after-school programs and pool operating hours.

“IBA Recommended Revisions to the Mayor’s Proposed FY 2012 Budget and May Revise”

[Executive Summary](#) (6/2/11)
[Report No. 11-31](#) (6/2/11)

“Council Policy 100-06: City Council Funding of Community Projects, Programs and Services”

[Executive Summary](#) (6/10/11)
[Report No. 11-36](#) (6/10/11)
[Attachment 1](#) (6/10/11)

“Emergency Medical Services Interim Agreement”

[Executive Summary](#) (6/10/11)
[Report No. 11-37](#) (6/10/11)

“Preliminary Statement of Work for Public Utilities Customer Service Office”

[Executive Summary](#) (6/10/11)
[Report No. 11-38](#) (6/10/11)

[Report No. 11-36](#) “Council Policy 100-06: City Council Funding of Community Projects, Programs and Services”

In September 2010, the City Attorney issued a Memorandum of Law (MOL) regarding the “Budgeting, Appropriation, and Expenditure of Infrastructure Funds.” The MOL discussed the City’s practice of carrying over annual savings from each Council Office budget for use in a subsequent year to allocate to community projects at the discretion of each Councilmember in their district. The City Attorney opined that this process was inconsistent with the requirements of the budget process as outlined in the City Charter.

Because of the MOL, requested allocations for use of these funds were suspended during Fiscal Year 2011, and the balance of the Infrastructure Funds fell to the City’s General Fund Reserve.

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At the Budget and Finance Committee meeting of April 20, 2011, the IBA presented Report No. 11-23 regarding “Proposed Council Policy for Community Programs and Projects Funds” which discussed the background of the Council Infrastructure Funds first established in Fiscal Year 2002, described the concerns as outlined by the City Attorney, and suggested changes to past practices, including a proposed Council Policy. Since that time, the IBA worked with Financial Management and City Attorney staff, and also met with representatives of several Council Offices, and responded to questions, addressed feedback and also incorporated suggestions that were received .

On June 28, the IBA presented the proposed Council Policy to the City Council with the incorporated revisions suggested by the Budget Committee. The proposed policy was approved unanimously by the Council.

Report No. 11-37 “Emergency Medical Services Interim Agreement”

On June 13, 2011 the City Council was asked to authorize a two-year agreement with Rural/Metro Corporation (Rural/Metro) for the provision of Emergency Medical Services (EMS) on or before July 1, 2011. According to a memorandum from the Administration Department dated June 6, 2011, the City Attorney advised that the City should restructure the manner in which EMS is currently procured. The memorandum further indicated that the proposed new agreement was developed with the Office of the City Attorney and addressed issues/concerns associated with the San Diego Medical Services Enterprise (SDMSE) partnership arrangement.

Based on advice from the City Attorney, management recommended a new EMS agreement. The new agreement transitioned the provision of EMS services from a public-private partnership model (SDMSE) to a traditional City-vendor contract and addressed issues/concerns associated with the current partnership arrangement.

In the proposed two-year interim agreement, Rural/Metro agreed to pay the City: 1) an annual City Operational Fee for two years, 2) a one-time Buy-out payment to purchase the City's ownership interest in SDMSE, and 3) the City's share of any undistributed SDMSE profits as of June 30, 2011. The City Council was asked to consider four different options to receive the annual Operational Fee and the Buy-out payment. Each option resulted in a different Average Patient Charge (APC) over the two years. The APC is the maximum average fee for medical transportation originating from the 9-1-1 service. It is to be paid by the patient and/or their insurance provider to Rural/Metro.

The FY 2012 General Fund Budget included \$4 million of new ongoing revenue to achieve greater cost recovery of EMS program costs. This report discussed total City EMS costs and the amount of cost recovery included in the FY 2012 Budget. We also commented on whether the new \$4 million EMS revenue included in the FY 2012 Budget was achieved by each of the four options presented for the proposed interim agreement. The report additionally discussed comparative APC data, plans to issue a RFP for future EMS services and other considerations associated with the proposed interim agreement.

On June 13, 2011 the City Council voted 5-3 to authorize the two-year agreement with Rural/Metro utilizing the third option when receiving the annual Operational Fee and Buy-out payment. This option included a Buy-out payment of \$5.5 million, a \$9 million first year annual fee and \$10 million second year annual fee, and an APC of \$1,533 and \$1,761 APC for each of the two years, respectively.

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Report No. 11-38 “Preliminary Statement of Work for Public Utilities Customer Service Office”

On June 13, 2011 the City Council was requested to review and approve the Preliminary Statement of Work (PSOW) for the managed competition process for the Public Utilities Customer Service Office (CSO).

As mandated by City Charter Section 117(c), City Council is responsible for ensuring that service quality in the City is maintained when it has been determined by the Mayor that a function will undergo a managed competition process. Aside from approval of the Mayor’s recommendation for award to an outside bidder, this is the only role of the City Council in the managed competition process. Council approval of the PSOW is an important step in the process as it provides Council the opportunity to review service levels and performance standards that would be included in the Request for Proposal (RFP) prior to its issuance. Once approved, the PSOW will form the foundation of the Final SOW that will be developed and included in the RFP. Service levels cannot change between the PSOW as approved by Council and Final SOW/RFP.

This item was reviewed by the Rules Committee on April 27, 2011 and was approved to move forward to the City Council with no recommendation. Numerous issues were raised and follow up information was requested. This report provided information on the managed competition process as well as further information on issues raised by members of the Rules Committee at the April 27 meeting, the Independent Rates Oversight Committee (IROC), the IBA and other stakeholders.

Issues included:

- Implementation and Timing of Customer Care Solutions (CCS)
- Procurement Sensitive Issues
- Management of City Policies
- Service Level Agreements (SLAs)
- Water and Sewer Emergency Repair Services
- Customer Service Locations and Hours of Operations

Based upon our review of the Preliminary Statement of Work for the Public Utilities Customer Service Office, including reviewing service level data and performance measures, the IBA recommended Council approval once any remaining issues had been addressed to the Council’s satisfaction.

On June 13, 2011 the City Council voted 7-1 to approve the PSOW with revisions.

Other Reports Issued in the Month of June 2011:

Report No. 11-28 REV (6/8/11)

Executive Summary REV (6/8/11)

Fiscal Year 2012 Proposed Redevelopment Agency Budget

Report No. 11-29 REV. (6/23/11)

Executive Summary (6/23/11)

Fiscal Year 2012 Proposed Budget for the San Diego Housing Commission

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[Report No. 11-32 \(6/3/11\)](#)

[Executive Summary \(6/3/11\)](#)

Revenue Recovery Auditing Implementation and RFP Considerations

[Report No. 11-33 \(6/3/11\)](#)

[Executive Summary \(6/3/11\)](#)

FY 2011 Year-End Budget Adjustments and Year-End Budget Monitoring

[Report No. 11-34 \(6/8/11\)](#)

Other Fiscal Policy Matters Identified in Council Budget Memos

[Report No. 11-35 \(6/9/11\)](#)

[Attachment 1 \(6/9/11\)](#)

Proposed FY 2012 Statement of Budgetary Principles

[Report No. 11-39 \(6/20/11\)](#)

Preliminary Statement of Work for Landfill Operations

[Report No. 11-40 \(6/24/11\)](#)

[Executive Summary \(6/24/11\)](#)

[Attachment 1 \(6/24/11\)](#)

Fiscal Year 2012 Tax and Revenue Anticipation Notes (TRANS)

[Report No. 11-41 \(6/24/11\)](#)

[Executive Summary \(6/24/11\)](#)

Police Department User Fee Proposal

[Report No. 11-42 \(6/24/11\)](#)

[Executive Summary \(6/24/11\)](#)

Modified/New Fire-Rescue User Fees for High-Rise Inspection and Air Medical Transportation Services

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