

**CITY OF SAN DIEGO
OFFICE OF THE INDEPENDENT BUDGET ANALYST**

**SNAPSHOT OF REPORTS AND ACTIVITY
JANUARY/FEBRUARY 2008**

Highlights of Major Reports Issued:

“Community Development Block Grant Program” ([IBA Report 08-1](#))

Our report reviews and supports Phase I of program changes necessary to address deficiencies in the City’s current CDBG allocation process as recently disclosed by HUD. These concerns include that many currently funded programs are not meeting HUD objectives and that deficiencies exist with respect to the overall City management and oversight of the program.

“City Council Budget Priorities for Fiscal Year 2009” ([IBA Report 08-7](#)) ([Attachment](#))

This report lays out Council-identified budget priorities related to City Services, Best Practices and Financial Responsibility, Labor Relations, and New Resources. It further sets forth Council expectations of Mayoral staff for providing requested budget information and participating in public hearings for the FY 2009 budget. Attached to the report are individual Council member budget priority memoranda.

“Review of the Mayor’s 2009-2013 Five Year Financial Outlook” ([IBA Report 08-9](#))

The IBA has comprehensively reviewed and analyzed the underlying assumptions presented in the Mayor’s updated Financial Outlook. The Mayor has continued a strong focus on funding critical areas of need that have been ignored for years and are crucial to the future fiscal health of this City such as deferred maintenance. However, the IBA notes that despite significant deficits in each of the five years, no new solutions are proposed, user fees are not reviewed for cost recovery, no new savings from BPR’s or Managed Competition are included and the Outlook continues to assume the General Fund will pay for major expenses related to Storm Water Compliance. The Outlook ignores the potential impact of a recession on City revenues; assumes no salary increases for employees currently being negotiated; and includes no “scan” of significant unmet City service needs.

“Business Process Reengineering (BPR) Update and Role of the City Council” ([IBA Report 08-13](#)) ([Attachment A](#))

This report reviews the status of the Mayor’s BPR program and raises concerns about the delay in implementation of several completed BPR’s as a result of the lengthy managed competition process and meet and confer requirements. This report also discusses concerns about completed BPR studies being withheld from Council review in order to safeguard procurement sensitive information should the function be chosen for managed competition. Proposed solutions to facilitate implementation of BPR results and provide Council with the BPR service level information will be discussed at the March 26, 2008 Budget and Finance Committee.

“City of San Diego Structural Budget Deficit” ([IBA Report 08-14](#))

This report discusses the difference between a structural budget deficit and a regular annual budget deficit, and provides evidence that what the City of San Diego is struggling with is a structural budget deficit. The report looks at some of the indicators and consequences of operating within such a structural imbalance. A general overview of the steps that must be taken to solve the City’s structural budget deficit is provided including a model for community participation that was recently employed in the City of San Jose.

“Need for Comprehensive Annual User Fee Review Process as Part of the Annual Budget” ([IBA Report 08-20](#)) ([Attachment 1](#)) ([Attachment 2](#))

Citing the growing need for attention to this matter, the IBA calls for the City to identify the full cost of service for activities that charge user fees; determine current cost recovery rates for these activities; develop “target” cost recovery policies; and propose recommendations to Council for achieving these targets. Steps are recommended to get this work underway beginning with an internal audit of the City’s current user fee program to identify process improvements. It is recommended that a user fee cost recovery policy be brought back for Council consideration that includes incorporation of a comprehensive user fee review as a part of the annual budget process.

Highlights of Upcoming FY 2009 Budget Process:

April 15	Mayor Releases FY 2009 Proposed Budget
<i>April 29</i>	<i>IBA Releases Preliminary Review of the Mayor’s Budget</i>
April 30-May 9	City Council Budget Hearings Held
May 19	Full City Council Deliberations on the Budget
<i>May 30</i>	<i>IBA Issues Final Recommendations on the Mayor’s Budget</i>
June 9	Full City Council Final Budget Decisions
July 1	Beginning of the Fiscal New Year

Other reports issued this period:

[Report No. 08-19](#) (2/22/08) (PDF:26K)
[Attachment](#) (2/22/08) (PDF:281K)
Defining "In Consultation With" for City Auditor Appointment

[Report No. 08-18](#) (2/21/08) (PDF:48K)
[Attachment](#) (5/19/86) (PDF:325K)
Equal Opportunity Contracting Program

[Report No. 08-17](#) (2/28/08) (PDF:58K)
Recommended Fiscal Year 2008 Mid-Year Budget Adjustment

[Report No. 08-16](#) (2/14/08) (PDF:44K)
Water System Financing (2008A Notes)

[Report No. 08-15](#) (2/14/08) (PDF:23K)
Fire-Rescue Helicopter Acquisition

[Report No. 08-12](#) (2/1/08) (PDF:37K)
Preliminary Report on Fire-Rescue Needs and Funding Plan

[Report No. 08-11](#) (1/31/08) (PDF:37K)
Agreement with Actuarial Service, P.C. (update)

[Report No. 08-10](#) (1/29/08) (PDF:83K)
[Attachment 1](#) (1/29/08) (PDF:8K)
[Attachment 2](#) (1/29/08) (PDF:42K)
Review of Fiscal Year 2008 Mid-Year Budget Monitoring Report

[Report No. 08-8](#) (1/17/08) (PDF:41K)
[Attachment](#) (05/1/07) (PDF:15K)
Agreement with Actuarial Service Company, P.C., for Actuarial Services

[Report No. 08-6](#) (1/11/08) (PDF:63K)
Amendment to the Municipal Code Regarding Composition of the DPWG

[Report No. 08-5](#) (1/11/08) (PDF:30K)
Residential High Occupancy Permit

[Report No. 08-4](#) (1/11/08) (PDF:27K)
[Attachment](#) (10/18/07) (PDF:707K)
Charter Revision Proposals

[Report No. 08-3](#) (1/11/08) (PDF:53K)
City Comptroller's Year-End Report

[Report No. 08-2](#) (1/10/08) (PDF:49K)
Managed Competition