



FACT SHEET

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SANDERS DELIVERS \$3.2 BILLION BUDGET FOR FY09 PROTECTING CORE SERVICES, PUBLIC SAFETY AND REFORMS

***TOWN HALL SCHEDULE SET; BUDGET FUNDS FIXES FOR INHERITED PROBLEMS,
PUBLIC SAFETY ENHANCEMENTS AND CONTINUING FINANCIAL REFORMS***

Mayor Jerry Sanders is delivering a balanced budget for the 2009 Fiscal Year that allows the City to continue providing essential core services while adding funding enhancements for critical priorities such as public safety.

The budget keeps park and library hours unchanged and continues to increase funding for fixing streets and critical infrastructure like the City's water and wastewater systems. Continuing the financial reforms he began when he took office, the Mayor's budget permanently eliminates another 127 positions from the City's payroll. Associated with the budget will also be a new retirement plan for future non-public safety employees, the initiation of a lawsuit to end two costly pension perks and continued healthcare reform.

The new budget also accounts for the changing economic conditions that will affect the City in the coming year. It adapts to the lower revenue growth and increasing financial obligations the City will face in FY09. As the Mayor forewarned in January when he released the City's Five Year Financial Outlook, this combination of conditions required budget trade-offs that will impact the delivery of some City services.

FY09 CITY BUDGET

The total budget for Fiscal Year 2009 is \$3.29 billion. This includes \$1.19 billion for General Fund operations and \$1.53 billion for operation and activities in the City's other funds. With the delivery of the FY09 budget, the Mayor has now provided three balanced budgets for the City.

City Budget by Fund	FY07	FY08	FY09
General Fund	\$1,021,203,098	\$1,106,330,952	\$1,188,639,430
Non General Fund	1,241,452,937	1,318,073,469	1,532,159,154
CIP	293,671,493	491,636,238	573,959,934
Total	\$2,556,327,528	\$2,916,040,659	\$3,294,758,518

MAYOR'S BUDGET INCLUDES FUNDING FOR CRITICAL OBLIGATIONS

Until Mayor Sanders took office, the City had neglected or under-funded a number of its long-term obligations. Left unaddressed, these obligations would have continued to grow further threatening the City's financial stability. Mayor Sanders ended those years of under-funding with his FY08 budget and will continue to address these critical needs in FY09 with an unprecedented \$140 million contribution. The funding provided by the Mayor will be used for:

- **Funding the City's Pension System: \$161 million**
- **Capital Improvements and Deferred Maintenance: Project values of \$109 million**
- **Americans with Disabilities Act (ADA) Improvements: \$10 million**
- **Storm Water System Improvements: \$27 million**
- **Funding a Retiree Healthcare Trust: \$50 million**
- **Funding the City's General Fund Reserves: \$6 million**
- **Funding General Liability Fund Reserves: \$10 million**
- **Building the Workers' Compensation Fund Reserve: \$5 million**

MAYOR'S POSITION CUTS CONTINUE TO STREAMLINE CITY OPERATIONS

The 10,659.51 FTE positions included in the Mayor's FY09 budget represent a net reduction in the City's budget of 127.13 FTE positions from the Fiscal Year 2008. The net reduction is a result of eliminating 241 positions, both vacant and filled, and the addition of approximately 114 positions for mandated programs, new facilities, and facilities that received partial staffing last fiscal year.

Since all positions, whether filled or vacant, are funded in the City's budget, **the permanent elimination of these positions provides an immediate savings to the City's budget.** By permanently cutting 127.13 positions from the City's payroll the Mayor has provided an annual savings of \$10.6 million. This is in addition to the \$50 million in permanent savings the Mayor has already established by cutting 668 positions in previous budgets.

FISCAL YEAR	POSITION CUTS
2007	38.00
2008	629.71
2009	<u>127.13</u>
TOTAL	794.84

The reduction of 794.84 positions represents 10.3% of all non-public safety employees.

MAYOR'S BUDGET BALANCES CUTS AND ADDITIONS FOR CRITICAL PROGRAMS

The Mayor's budget will allow the City to continue providing dependable core services. It also provides some City operations, such as the Police and Fire-Rescue Departments, with increased funding. In some cases, the reductions in staffing made to help balance the budget may result in some impacts to services. When making cuts and program adjustments for the coming year, the Mayor looked to reducing the City's bureaucracy first, before recommending changes to public programs and services.

Examples of potential impacts include longer wait times to check out library materials and the elimination of overnight camping at the Kummeyaay Campground. Also, while the City will maintain a year-round schedule of pool operations, only the Ned Baumer pool will be open all twelve months of the year. Other City pools will now follow an 8.5 months staggered schedule.

MAYOR’S BUDGET HAS MASSIVE INCREASE IN FUNDING FOR DEFERRED MAINTENANCE

The Mayor’s budget for FY09 includes \$82.3 million in new funding to help address Capital Improvement projects (CIP) throughout the City. The new funding included by the Mayor will bring the total budgeted amount for CIP efforts in FY09 to more than \$573 million.

Until Mayor Sanders took office, the City of San Diego’s capital assets, including City facilities, its water and wastewater systems, streets, and storm drains had gone without adequate funding for many years. As a result, the condition of these assets had continued to decline with the backlog of required maintenance and repair work continuing to increase annually. **Since taking office, the Mayor has championed budget initiatives that have consistently increased the budget for addressing these needs.**

	FY07	FY08	FY09
CIP Budget	\$293,671,493	\$491,636,238	\$573,959,934
Total City Budget	\$2,556,327,528	\$2,916,040,659	\$3,294,758,518
CIP as a % of the Total Budget	11.49%	16.94%	17.54%

MAYOR’S CIP FUNDING HELPS STREET REPAIRS JUMP 57% OVER LAST YEAR

The Mayor is using his proposed CIP budget for FY09 to help push overall street repairs up by 57% from levels budgeted this year. The Mayor’s CIP budget will support 78.5 miles of street overlay work (an increase of 91% over the amount budgeted for this effort in this fiscal year). The Mayor has increased the number of miles budgeted for street repairs in each of his balanced budgets and will be increasing them again in FY09 by more than 760% over the number of miles budgeted in the year before he office.

The Mayor has continued to increase funding for street repairs year-over-year (percentage increased)..

Project Type	FY 06 Budget (Miles)	FY07 Budget (Miles)	FY08 Proposed (Miles)	FY09 Proposed (Miles)
Street Overlay (Asphalt) <i>CIP Funded</i>	\$1,421,895 (4.5 Miles)	\$8,208,222 (477%) (21 Miles) (367%)	\$18,500,000 (125%) (41.1 Miles) (96%)	\$45,400,000 (145%) (78.5 Miles) (91%)
Slurry Seal <i>Non-CIP Funded</i>	\$770,000 (20 Miles)	\$4,790,000 (522%) (79.5 Miles) (297%)	\$7,000,000 (46%) (93.3 Miles) (17%)	\$13,280,000 (89%) (132.8 Miles) (42%)
TOTAL	\$2,191,895 (24.5 Miles)	\$12,998,222 (493%) (100.5 Miles) (310%)	\$25,500,000 (96%) (134.4 Miles) (34%)	\$60,380,000 (137%) (211.3 Miles) (57%)

MAYOR'S BUDGET KEEPS HOURS FOR PARKS AND LIBRARIES AND SUPPORTS THE ARTS

The Mayor's budget for FY09 will keep parks and recreation centers and library hours at their current levels. The Mayor's budget will also continue funding for arts and culture programs at their current levels. All three areas had suffered significant budget cut-backs in the three fiscal years prior to Mayor Sanders taking office.

- The Mayor's budget includes funding to support an additional 13 park facilities and approximately 300 acres of open space that was added in FY08 or that will be added to City inventories in the next fiscal year.
- The City will increase the number of its recreation centers from 52 to 53. There were 51 recreation centers open in FY06 when the Mayor took office in December 2005.
- **The estimated number of annual hours of operation for the City's recreation centers will increase to 121,472, up 9 percent from 111,696 hours in FY06.**
- The estimated acres of parkland will increase from 38,913 in FY06 to 39,800 in FY09.
- The percent of recreation centers with high speed internet services will double from last year to 80 percent. In FY06 no recreation centers offered high speed internet access.
- The Park and Recreation Department will also receive more than **\$35 million** for Capital Improvement needs, including **handling deferred maintenance**, at its facilities
- The Mayor has included over **\$1.8 million in his FY09 budget for the acquisition of books and other media** needed by the Library Department, consistent with the funding level for this fiscal year.
- The Mayor is also set to dedicate nearly **\$200,000 for the addition of new wireless access points, self-check machines and assistive technology workstations for patrons with special needs.**
- The Mayor's budget for **Library Deferred Maintenance projects is \$1,960,000.** This amount will allow the Library to move forward on seven projects including roofing, heating, ventilation, and air conditioning (HVAC), plumbing, and elevator modernization.
- **The Mayor's budget for FY09 will allow the City of San Diego Commission for Arts and Culture to distribute \$6.9 million** to qualified non-profit organizations in the coming year. The funding, gained through the Transient Occupancy Taxes (TOT) levied on visitors to San Diego, will serve as a catalyst for community engagement, supports local arts and culture organizations and contributes to world class performance and exhibitions.

MAYOR FULLY FUNDING PARK DEPARTMENT'S BRUSH MANAGEMENT PROGRAM

The Mayor is adding 13 positions to the seven staff members already employed by the Park and Recreation department to **fully fund, for the first time in its history, the City's Brush Management Program.** This will allow for the recommended bi-annual thinning of 1,180 acres of urban/wild land interface helping to ensure that our community is better prepared for future wildfires. For more than a

decade the City had only funded 70 acres a year of brush thinning. Last year, the Mayor and City Council increased funding to triple that amount to 210 acres.

BUDGET ENHANCEMENTS ALSO SUPPORT CRITICAL AND ONGOING REFORMS

Mayor Sanders has added funding in his FY09 budget for critical programs and to continue important reforms to the City’s financial and business management practices. These include:

- **Adding a total of 11 positions to help ensure that the City’s internal controls and financial practices are consistent with industry best-practices** as well as the recommendations made in the Kroll Report.
- **Adding two accountants to the City Comptroller’s staff** to work on the implementation of the work plan for Internal Controls over Financial Reporting (ICOFR) and developing standard policies and procedures for the entire City.
- **Including \$1.1 million to allow community plan updates to proceed.**

SANDERS BUDGET ADDS RAISES AND INCREASES OVERALL FUNDING FOR PUBLIC SAFETY

Thanks in part to some of the programs and policies Mayor Sanders implemented while serving as Chief of Police, San Diego remains one of the safest large cities in America. The City’s overall crime rate is comparable to rates in the late 1960’s and our violent crime rate is at its lowest point since 1973. Crime is also down by 4 percent since Mayor Sanders took office at the end of 2005.

To continue these positive trend lines the Mayor is increasing funding for the City’s public safety departments in his FY09 budget. The Mayor has included more funding for the City’s Police and Fire/Rescue Departments in each of the balanced budgets he has delivered since taking office.

PUBLIC SAFETY BUDGET ALLOCATIONS

Function	FY 2007	FY 2008	FY 2009
Fire-Rescue Department	\$169,509,660	\$179,943,098	\$188,252,919
Police Department	360,134,725	392,336,695	409,199,362
Combined Budgets	\$529,644,385	\$572,279,793	\$597,452,281

The Mayor’s FY09 budget includes funding for several critical projects intended to keep our community safe and better prepared for future wildfires:

- \$2.3 million to fund operation and staffing of a **second emergency services helicopter**;
- **\$1,335,248 for new equipment and supplies**;

- **Six Code Compliance Officers to help monitor and address brush and weed abatement on private property.** The additional staff will help satisfy a key recommendation in the After-Action Report regarding the 2007 Wildfires

The Mayor is also **increasing the budget for the San Diego Police Department:**

- **\$7 million to pay for new recruits** graduating from the Public Safety Academy during FY09.
- **\$894,161 for replacing aging mobile computer terminals** and costs for new wireless modems used by all sworn Police officials.

The Mayor's budget includes money to cover raises that will help the City to recruit, train and retain qualified police officers and fire fighters. The raises are included as part of labor agreements made by the Mayor and the Police Officers Association (POA) and the International Association of Fire Fighters, Local 145.

For Police:

- The new one year agreement calls for a 3% salary increase for all POA members effective July 1, 2008. All classifications will receive an additional 3% increase effective December 27, 2008.
- This contract continues the health care reforms introduced by the Mayor last year by improving health care coverage for police officers at less expense to taxpayers.

For Fire-Rescue:

- The one year agreement calls for a 3% salary increase for all Local 145 members effective July 1, 2008. All represented classifications will receive an additional 2% increase effective September 1, 2008.
- This contract also continues the health care reforms introduced by the Mayor last year by improving health care coverage for Fire-Rescue employees at less expense to taxpayers.

MAYOR ASKS COURT TO END CONTROVERSIAL BENEFITS

The Mayor is initiating a lawsuit to resolve questions regarding two costly retirement perks. The lawsuit will help determine if the controversial Deferred Retirement Option Plan (DROP) and Purchase of Service Credits programs are vested benefits. The Mayor included language acknowledging the City's right to bring this action as part of the agreements just made with the Police Officers Association and Local 145.

MAYOR'S NEW RETIREMENT PLAN WILL LIMIT TAXPAYER LIABILITY

The Mayor has proposed a new retirement plan that will help lower the City's financial risks, reduce pension costs and eliminate excessive perks for non-public safety employees hired after December 31, 2008.

The proposed plan will lower the City's annual costs. The proposal places a greater reliance on "defined contribution" components as a way to reduce taxpayers' financial exposure. **If General members were covered under this plan today, taxpayers would save \$25 million per year.**

To further safeguard taxpayer funds, the proposed plan eliminates costly perks like basing pension benefits on the highest one year of pay, rewarding retirements prior to age 65 or having the City "pick up" a portion of the employees' pension contribution. **Right now**, at age 65 and after a thirty-year career with the City, **employees can receive 119% of their pay in retirement.** The new plan provides comparable benefits to the plans offered by CalPERS by lowering the benefit to a more conservative 80%, if employees fully participate in saving for their retirement.

MAYOR'S BUDGET MAKES HISTORY BY INCLUDING PERFORMANCE MEASURES

For the first time in history, the City's budget document includes performance measures and information about existing workloads for each City department. The new data will let taxpayers know how their money is being spent and what can be expected from those expenditures. Mayor Sanders included the new information to assist in the decision-making process and to continue his commitment to improving transparency and accountability at the City.

