



CITY OF SAN DIEGO  
COUNCILMEMBER SHERRI S. LIGHTNER  
DISTRICT ONE

MEMORANDUM

DATE: May 26, 2011  
TO: Andrea Tevlin, Independent Budget Analyst  
FROM: Councilmember Sherri S. Lightner, District 1   
SUBJECT: Restoring Public Safety and Preserving Neighborhood Services in the FY 2012 Budget

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I appreciate the Mayor's efforts in listening to the priorities of the Council and making restorations in the May Revise of the FY 2012 Budget that are responsive to Council requests. However, additional service restorations remain necessary in order to protect public safety and preserve neighborhood services.

My top priorities for additional service restorations in the final FY 2012 Budget are the following:

- Fully restore all fire station brownouts on July 1, 2011
- Restore three lifeguard relief positions, so critical hands-on training can take place
- Fully restore all library branches to their current levels
- Restore swim team and water polo programs, after school programs and pool operating hours in the Park and Recreation Department
- Restore the Police Department Vehicle Abatement Unit, and
- Provide funding for Fire-Rescue Department In-Station Alerting System

To afford these restorations, I propose that City Council should make the following revisions to the final FY 2012 Budget:

- Increase projected sales tax revenue estimates
- Eliminate cell phones for non-public safety departments
- Adjust terminal leave
- Adjust long-term disability reserve amounts
- Reduce overtime for non-public safety departments
- Reduce training and travel for non-public safety departments
- Reduce IT discretionary funding
- Implement recovery auditing

- Collect retroactive Fire-Rescue high-rise inspection fees
- Use funds from the FY 2011 General Fund reserve balance, which will increase by at least \$11.2M due to revised FY 2010 Environmental Growth Fund revenues

Attached is a table including the costs and revenues associated with each of the above measures. The Police Department Vehicle Abatement Unit has historically been 100% cost recoverable, so it is included as both a service restoration and a revised revenue resource.

Please contact my office at (619) 236-6611 or [sherrilightner@sandiego.gov](mailto:sherrilightner@sandiego.gov) if we may provide additional information.

Attachment

cc: Honorable Mayor  
Honorable Councilmembers

Attachment #1

**Restoring Public Safety and Preserving Neighborhood Services  
in the FY 2012 Budget**

***Councilmember Sherri S. Lightner***

<b>REVISED REVENUE RESOURCES</b>	<b>Additional Revenue Generated</b>
Adjust FY 2012 sales tax revenue estimates	\$1,700,000
Eliminate cell phones for non-public safety depts.	\$200,000
Adjust terminal leave	\$400,000
Adjust long-term disability reserve amounts	\$1,600,000
Reduce overtime for non-public safety departments	\$1,250,000
Reduce training and travel for non-public safety departments	\$500,000
Reduce IT discretionary funding	\$500,000
Implement recovery auditing	\$500,000
Collect retroactive Fire high-rise inspection fees	\$1,000,000
Cost recovery for Police Department Vehicle Abatement Unit	\$329,152
Use portion of EGF Revenue/GF Reserve Balance	\$4,100,000
<b>TOTAL REVENUE RESOURCES</b>	<b>\$12,079,152</b>

<b>REVISED SERVICE RESTORATIONS</b>	<b>Amount needed to restore</b>
Full restoration of brownouts on July 1, 2011	\$2,800,000
Restoration of three lifeguard relief positions	\$300,000
Full restoration of library branch hours to current levels	\$4,700,000
Restoration of swim team and water polo programs	\$223,331
Restoration of after school programs	\$137,597
Restoration of pool operating hours	\$107,875
Restoration of Police Department Vehicle Abatement Unit	\$329,152
Funding for Fire In-Station Alerting System	\$3,400,000
<b>TOTAL SERVICE RESTORATIONS</b>	<b>\$11,997,955</b>



**COUNCIL PRESIDENT PRO TEM KEVIN L. FAULCONER  
CITY OF SAN DIEGO  
SECOND DISTRICT**

**MEMORANDUM**

**DATE:** May 26, 2011

**TO:** Andrea Tevlin, Independent Budget Analyst

**FROM:** Council President Pro Tem Kevin L. Faulconer 

**SUBJECT:** Fiscal Year 2012 Budget Amendments and Neighborhood Service Restorations

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The Fiscal Year 2012 budget deliberations have been some of the most robust and transparent to date. Working with my Council colleagues and fellow City Council leaders – Council President Tony Young and Budget & Finance Committee Chair, Councilmember Todd Gloria – we have been able to do more than simply successfully express the Council’s Fiscal Year 2012 budget priorities to the Mayor. We have succeeded in achieving our primary goal of restoring the browned out fire engines. As the Independent Budget Analyst, you have helped give the City Council the important budget tools. The Menu of Budget Options you developed based on suggestions from the public, public policy groups, businesses, councilmembers and other stakeholders helped shape the Mayor’s May Budget Revision.

In this memo I outline:

- 1) The elements of my Plan to Preserve Neighborhood Services that were included in the Mayor’s May Budget Revision;
- 2) My remaining budget priorities, which I will be asking my Council colleagues to support – fully funding community services such as libraries and after school programs, as well as budget amendments that provide a return on investment.

**Neighborhood Services and Other Amendments Successfully Added in May Revise**

Enclosed is my May 10, 2011, Plan to Preserve Neighborhood Services in the Fiscal Year 2012 Budget, updated to reflect the service restorations and revenue/expenditure adjustments from my plan included in the May Revise. I commend Mayor Sanders for incorporating some of my priorities in the budget revision. The most significant service restoration in the May Revise is the full funding of recreation center hours and partial funding of library operation hours. I will continue to push for full restoration of library hours as well as after school programs, pool operating hours, and swim team and water polo programs.

Andrea Tevlin, IBA  
May 26, 2011  
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I thank the Mayor for including in the May Budget Revision my request to keep my Council District 2 office budget at current year levels. The \$8,025 that will be returned to the General Fund, while modest, will provide additional tax dollars for the City's day-to-day operating budget.

The May Revise is also the first time the City is able to budget Managed Competition savings -- \$200,000. The savings from bidding Publishing Services show competition between city workers and the private sector creates real savings, freeing up money that we can invest in our neighborhoods. It is expected that the contract will save \$1 million annually for the term of the contract beginning in Fiscal Year 2013.

The May Revise also restores 2.0 FTE positions for the beach fire pit program as a result of the public-private sponsorship program my office spearheaded. I thank the Hotel-Motel Association, the Convention and Visitors Bureau, San Diego Foundation, La Jolla Foundation, Mayor Sanders and Councilmembers Sherri Lightner and Lorie Zapf for helping to make this a reality.

Finally, I was pleased to see a Small Business Liaison position in the May Revise. I was honored to join Council President Young, Councilmember Zapf, and Councilmember David Alvarez to unveil a small business plan that included the addition of this liaison. I commend my colleagues and the Mayor on successfully funding this position.

#### **Remaining Budget Amendments to Restore Neighborhood Services and Retain Revenue Generating Operations**

In addition to my continued priority of restoring the Library Department and Park & Recreation Department cuts that remain in the May Revise, I have added two budget amendments based on discussions at public Budget Review Committee hearings:

- Restoration of Police Department Vehicle Abatement Unit (4.0 FTE positions -- \$329,152)

The positions proposed to be cut in this unit are the only cost recoverable positions in the Police Department. Eliminating these positions would not only put strain on a revenue source for the City, but also require public safety officers to assume the role of issuing citations instead of focusing on high-priority safety issues. The Council has been told these positions are cost recoverable, but it is unclear whether they have been budgeted this way. I request that you address this in your final budget report in order for the Council to fund these four positions using cost-recovery tools without additional impact to the General Fund.

Andrea Tevlin, IBA  
May 26, 2011  
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- Addition of City Auditor mid-Fiscal Year 2012 (0.5 FTE position -- \$83,930).  
On May 2, 2011, the Audit Committee unanimously recommended a performance auditor be added midway through Fiscal Year 2012. The Office of the City Auditor found \$2.75 in potential savings for every \$1.00 in audit cost in calendar year 2010. The City Auditor believes this modest increase to his budget can help his office's return on investment continue to grow.

#### **Continued Need for Reform of Fee Structures**

As I expressed in my budget plan, I continue to have concerns about several fees in the budget, most notably the Fire Department High Rise Inspection fee and Police Department Entertainment Permit Fees. I also have remaining questions regarding the Emergency Medical First-Responder reimbursement, which has been included for the first time in the Fiscal Year 2012 budget.

Following Budget Committee direction, additional review of these fees with stakeholders is underway. Depending on the progress made in the coming week, I may request the Council take action on these fees in a vote separate from the Fiscal Year 2012 Budget approval.

The working relationship between the City Council and Mayor is the best that is has been in many years. I look forward to capturing the momentum from the May Budget Revision to fully restore valued neighborhood services.

Enclosure: Plan to Preserve Neighborhood Services in Fiscal Year 2012 Budget (May Revise Update)



Council President Pro Tem Kevin L. Faulconer

PLAN TO PRESERVE NEIGHBORHOOD SERVICES IN FY 2012 BUDGET

MAY REVISE UPDATE

Branch Libraries, Recreation Center Hours, After School & Pool Programs and Beach Fire Pits

Proposed Cut to be Restored	Cost to Restore	Restoration Status	Alternative Reform	Savings/Revenue	Status in May Revise
<b>Ongoing Solutions (Implementable July 1, 2011)</b>					
Reduction of Branch Library Hours/77.02 FTE positions	\$7,407,340	Partially Restored – \$2,700,000 (30.10 FTE positions)	Adjust FY 2012 Revenue Estimates	\$3,000,000	Budgeted - \$3,400,000 in TOT revenues
Reduction of Recreation Center Hours/48.19 FTE positions	\$3,306,905	Partially Restored – \$3,306,905	Eliminate Cell Phones (Non-Public Safety)	\$400,000	Partially Budgeted - \$200,000
Elimination of After School Programs/3.55 FTE positions	\$137,597 \$140,857	Not Restored – Cuts increased by \$3,260 (1 FTE position)	Reduce Training & Travel (Non-Public Safety)	\$1,000,000	Not Budgeted
Elimination of Beach Fire Pit Rings/2.00 FTE positions	\$149,165	Partially Restored – \$120,000 (2.0 FTE positions)	Reduction to Overtime (Non-Public Safety)	\$1,250,000	Not Budgeted
Reduction in Pool Operating Hours/1.93 FTE positions	\$107,875	Not Restored – Proposed Cut Remains	Reduce Arts & Culture Grant Funding (10%)	\$620,000	Not Budgeted
Reduction of Swim Team and Water Polo Programs/6.40 FTE positions	\$223,331	Not Restored – Proposed Cut Remains	Reprioritize Mayor & Council TOT Allocations	\$220,000	Not Budgeted
Reduction of P.D. Vehicle Abatement Unit/4.00 FTE positions <sup>1</sup>	\$329,152 <sup>2</sup>	Not Restored – Proposed Cut Remains	Adjust Terminal Leave	\$400,000	Not Budgeted

Audit Committee Recommended Addition			Alternative Reform (Con't)	Savings/Revenue (Con't)	Status in May Revise (Con't)
			Reduce IT Discretionary Funding (20%)	\$1,500,000	Not Budgeted
Addition of City Performance Auditor/0.5 FTE position <sup>1</sup>	\$83,930	Not Included in May Revise	Use of WTC Sale Revenue for Convention Center Phase II Debt	\$2,500,000	Budgeted \$2,500,000
			Restoration of Branch Library Revenue	\$139,500	Not Budgeted
			Restoration of Recreation Center Revenue	\$394,006	Budgeted \$394,006
			Fire Pit Ring Sponsorship Program	\$120,000	Budgeted \$120,000
			Restoration of P.D. Vehicle Abatement Revenue <sup>2</sup>	\$329,152 <sup>2</sup>	Not Budgeted
			Sub-Total:	\$11,872,658 <sup>3</sup>	Sub-Total: \$6,614,006
<b>Ongoing Solutions (Implementable During FY 2012)</b>					
			Expanded Revenue Recovery Auditing	\$500,000	Not Budgeted
			Sub-Total:	\$500,000	N/A
<b>One-Time Solutions</b>					
			Collect Delinquent Parking Citations (FY 2007 - 2011)	\$1,300,000	Budgeted \$1,300,000
			Sub-Total:	\$1,300,000	N/A
	Service Restorations/Budget Addition Total: \$11,748,555	May Revise Restoration Total: \$6,126,905	Total Potential Savings/Revenue from Reforms: \$13,672,658 <sup>3</sup>		May Revise Budgeted Reforms Total: \$7,914,006
<b>Services Left to be Restored (Grand-Total): \$5,621,650</b>			<b>Potential Remaining Reforms to be Implemented (Grand-Total): \$5,758,652</b>		

**Key:** Priority/Reform is Fully Restored/Budgeted

Priority/Reform is Partially Restored/Budgeted

Priority/Reform is Not Restored/Budgeted

<sup>1</sup> Priority added following May Revise

<sup>2</sup> Positions have been reported to be cost recoverable. Additional IBA analysis is requested.

<sup>3</sup> Includes sponsorship revenue earmarked for fire pits



**OFFICE OF COUNCILMEMBER TODD GLORIA  
COUNCIL DISTRICT THREE**

**M E M O R A N D U M**

DATE: May 26, 2011  
TO: Andrea Tevlin, Independent Budget Analyst  
FROM: Councilmember Todd Gloria, Third Council District *Todd Gloria*  
SUBJECT: Fiscal Year 2012 Budget Priorities and Issues for Consideration

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Thank you for the opportunity to convey my budget priorities for Fiscal Year 2012.

Budgets are a matter of options and choices that are reflective of values, priorities and needs, and are tools to deliver services that are important to us all. The recent budget hearing process provided us with an opportunity to better understand citizens' values, priorities and the necessary trade-offs required to make decisions about the upcoming budget, while staying focused on fiscal constraint and the longer-term vision that will support the future that San Diegans want and deserve.

Like many families and businesses, the City of San Diego has made difficult choices in previous budgets, and more hard choices will need to be made to prepare for FY 2012. **Attachment A** of my memorandum provides a list of sources and uses that I recommend be adopted. The proposal I offer include some unpopular choices and will require some adjustments to how business is typically handled, but if adopted in its entirety, will allow the City to continue to operate in a fiscally responsible fashion over the long run.

The deliberations have revealed a strong will to find alternate solutions to restore some important services. As always, public safety remains the one area in which there is no margin for error. I am pleased that the proposed budget is responsive to this fact. The budget modifications I propose further protect public safety services and spare libraries and park programming from some of the painful cuts proposed to begin on July 1.

**OTHER ISSUES FOR CONSIDERATION**

General Fund User Fee Policy

In 2009, the City Council adopted a comprehensive General Fund User Fee Policy to assist with determining the appropriate level of user fees for services and related cost-recovery revenues. The Policy was intended to require a fee review and adjustment process as part of the City's

annual budget process. I am concerned that this process is not being followed. Annual inflationary or other technical adjustments to fees should be considered each year as part of the budget process. Additionally, I recommend that the User Fee Policy be revisited and amended as appropriate to ensure conformance with Proposition 26 which was approved by voters in November 2010.

#### City Reserve Policy

In 2008, the City Council adopted a revised comprehensive Reserve Policy for the major funds of the City and recommended a phased approach in setting reserve levels. This Policy ultimately governs our decision-making and fiscal actions. Therefore, I recommend that the Reserve Policy be revisited and amended as appropriate to ensure maintenance of adequate reserve levels.

#### Public Facilities Financing Plans

The Capital Improvements Program hinges on effective Public Facilities Financing Plans (PFFP). I request that updated PFFPs be brought forward for Council consideration immediately. For example, Mid-City PFFP update was completed several years ago, and once again, we are asked to adopt a budget without benefit of the new PFFP. Approval of these plan updates could result in additional revenue for the Facilities Financing Division and also increase reimbursement of administrative expenses from Development Impact Fees.

#### New Revenues

The City still has insufficient income to maintain critical services. This was the case even during healthy economic times. The public has indicated they will no longer accept reduced levels of neighborhood services. By now, we have come to realize that it would be unwise to try to further cut our way out of the problem. Increasing fees is no one's favorite way to address budget challenges, but after almost a decade of budget cuts, we have run out of viable alternatives. I recommend that cost of service studies for storm water and refuse collection be completed and presented to the City Council during the 2011 calendar year.

#### Major Events Revolving Fund/Balboa Park Centennial

The City's Special Promotional Programs budget has included an annual allocation of \$150,000 to the Major Events Revolving Fund in each of the last several years in preparation of the upcoming Balboa Park Centennial. During FY 2012, it is planned that funding in the amount of \$450,000 will be authorized from the Major Events Revolving Fund for expenditure to the non-profit host committee as it embarks on this undertaking. It is requested that the Council specifically authorize the appropriation of these funds for this purpose as part of the FY 2012 budget, which will permit Mayoral staff to expedite these contractual arrangements, without further Council action, as permitted by Municipal Code section 22.3222. The Major Events Revolving Fund is not specifically reflected in the Mayor's Proposed Budget, and this expenditure has no impact on the City's General Fund.

#### Council District Three Transient Occupancy Tax (TOT) Allocations

The proposed budget allocates \$25,000 in TOT to each Council office to allocate at its discretion. I request that my allotment be granted to the following organizations to support the various special events and cultural and recreational programming they provide to enhance the well-being of San Diego communities:

Balboa Park Cultural Partnership	
- Smith Leadership Symposium	\$2,500
- Balboa Park Online Collaborative	\$7,500
- Green Balboa Park Program	\$5,000
Hillcrest Business Improvement Association	\$2,500
- 2011 Hillcrest Hoedown/Fall Festival	
Jacob's Center	
- Somali Youth United Cultural Celebration	\$1,000
San Diego Music Awards Foundation	
- North Park Music Thing	\$5,000
San Diego Asian Film Foundation	
- "Youth Day" and film festival access for low income or underserved communities	\$1,500

Thank you again for the opportunity to share my priorities for the upcoming year.

I'd like to conclude by thanking and acknowledging you and your staff for the remarkable work during the budget cycle and throughout the year. Your guidance has helped the City Council assert its role early on and has created a better informed and more effective process. My appreciation, as well, to the Mayor and his staff, particularly his budget team, for providing us with overviews of the many departmental budgets and for being responsive to Councilmembers' questions and requests for additional information. The collaboration that occurred during this year's budget process will result in a more responsible and responsive budget—one that our citizens expect and deserve.

TG:pi

**COUNCILMEMBER TODD GLORIA  
FY 2012 RECOMMENDED BUDGET MODIFICATIONS  
SOURCES AND USES OF FUNDS**

<b>ONGOING SOURCES</b>	
Adjust FY 2012 Sales Tax Revenue Estimates by 1%	\$1,700,000
Expand Marketing Partnerships	\$500,000
Eliminate Management Flex Benefits	\$1,400,000
Further Reduce Cell Phones and Wireless Data Plan Expenditures for Non-Public Safety Departments	\$200,000
Adjust Terminal Leave	\$400,000
Adjust Long Term Disability Reserve Amounts	\$1,600,000
Reduce Overtime for Non-Public Safety	\$625,000
Reduce Training and Travel for Non-Public Safety Departments	\$500,000
Reduce IT Discretionary Funding	\$750,000
<b>Sub-Total Ongoing Sources</b>	<b>\$7,675,000</b>

<b>ONE-TIME SOURCES</b>	
Collect Remaining Redevelopment Agency Debt Repayment	\$200,000
Implement Recovery Auditing	\$500,000
Collect Retroactive Fire High-Rise Inspection Fees	\$1,000,000
<b>Sub-Total One-Time Sources</b>	<b>\$1,700,000</b>
<b>TOTAL SOURCES</b>	<b>\$9,375,000</b>

<b>ONGOING USES</b>	
Fully Restore Branch Library Hours to Current Levels	(\$4,700,000)
Restore Swim Team and Water Polo Programs to Current Levels	(\$223,331)
Restore Pool Operating Hours to Current Levels	(\$76,474)
Restore After School Programs to Current Levels	(\$137,597)
Restore Police Code Compliance Civilian Positions	(\$329,152)
<b>Sub-Total Ongoing Uses</b>	<b>(\$5,466,554)</b>

<b>ONE-TIME USES</b>	
Complete Funding Restoration of Lifeguard Training	(\$40,000)
Fund Residents' Opinions on City Services Survey	(\$30,000)
Complete Funding for Fire In-Station Alerting System	(\$1,700,000)
Complete Funding for Supplier Relationship Management (SRM) Module of SAP	(\$2,100,000)
<b>Sub-Total One-Time Uses</b>	<b>(\$3,870,000)</b>
<b>TOTAL USES</b>	<b>(\$9,336,554)</b>



CITY OF SAN DIEGO  
OFFICE OF COUNCIL PRESIDENT ANTHONY YOUNG  
FOURTH COUNCIL DISTRICT  
MEMORANDUM

**DATE:** May 25, 2011

**TO:** Councilmember Todd Gloria,  
Chair Committee on Budget and Finance  
Chair Ad-Hoc Committee on Redevelopment

**FROM:** Council President Anthony Young 

**SUBJECT:** Budget Priorities for Fiscal Year 2012 Budget

I am heartened and pleased that the Mayor has taken several of the Council's recommendations from our Budget Resolution to restore Fire Engine brown-outs and not totally reduce library and park and recreation services. However, my priorities remain those of public safety, maintaining park and library services, and reducing/eliminating the structural budget deficit.

I support the additional on-going revenues in the Mayor's May revise to fully restore recreation center hours and partially fund library hours. However, I want to also include in the FY 2012 budget funding for park and recreation after-school programs and pool operating hours. Furthermore, I want to fully fund all branch library hours at their current service levels. To achieve this goal I support the resource options identified by the IBA in her report of April 29<sup>th</sup> reviewing the Mayor's proposed FY2012 budget (specifically items 1, 2, 3, 5, 6,7,8,9,10,11,13,14,15,16 and 17).

It is very clear that we continue to pursue actions from our Menu of Budget options that will significantly reduce and/or eliminate our structural budget deficit. I am requesting your support and that of my fellow Councilmember's and the Mayor to pursue, what may be considered by some as unpopular actions, strategies to obtain additional ongoing funds from golf courses and parking e.g. charging for parking at our beaches, bays and regional parks, expansion of the 4/10/5 work schedule and placing solar roofs on city facilities.

As you know, traditionally budget savings from council offices have been used to support various community services and programs. I support including in the FY 2012 budget a community services and programs line item in our respective Council Office budgets that equals the projected savings from FY2011.

I am very encouraged by this Council's actions towards approving a FY2012 budget that is balanced, protects public safety, provides current level park and library services, and provides for city services with limited resources. I look forward to us continuing our efforts to do even more in 2012 and beyond. Elimination of the structural deficit is within our grasp and I am confident that through bold and thoughtful actions we will accomplish it.

Cc: Andrea Tevlin, Independent Budget Analyst



City of San Diego  
**CARL DEMAIO**  
CITY COUNCILMEMBER –DISTRICT 5

## MEMORANDUM

DATE: May 25, 2011

TO: Andrea Tevlin, Independent Budget Analyst

FROM: Councilmember Carl DeMaio *Carl DeMaio*

RE: Budget Priorities and Issues for Consideration for the FY 2012 Budget

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Since taking office, my number one priority has consistently been to fix the City's finances. Our priorities must be focused on making City services more cost effective for taxpayers, and protecting them from additional cuts. If we enact prudent and necessary fiscal reforms and manage our resources prudently we can protect services such as public safety, libraries, and parks.

To achieve those goals, in November 2010 I released my *Roadmap to Recovery* to provide a comprehensive plan to balance the budget without service cuts.

It is very encouraging that so many people around San Diego have embraced the reforms and budget options that I offered in this plan. A number of the options for the FY 2012 that I presented in the *Roadmap to Recovery* have been recognized by the IBA and implemented by the Council in recent weeks as being among a number of priority options for inclusion in the FY 2012 Budget.

I am pleased to see that the Mayor's May Revision restores browned-out fire stations and recreation center hours. It does not, however, go far enough in restoring library hours. All hours should be restored to current levels at all libraries across the City.

Consistent with the *Roadmap to Recovery* I offer the following catalog of budget options for inclusion in the IBA's final report on recommended changes to the Mayor's proposed budget.

**Eliminate Management Flex Benefits, Including the City Council Offices (\$1.4 million)**

As I first proposed in January 2009, I support the elimination of management “Flex Benefits.”

The City Council can lead by example, and I have no reservations about eliminating these benefits for our City Council offices.

City employees receive benefits unheard of in the private sector. And executives, managers and City Council employees receive a generous \$3,000 annually to fund health, dental, and vision care, as well as individual retirement accounts.

I do not believe that this benefit is necessary to attracting and retaining talent. Especially in this tough economy, San Diego taxpayers should not be expected to shoulder generous compensation packages that they themselves cannot receive in the private sector.

**Create a City “Office of Management and Budget” (\$1.6 million)**

In the *Roadmap to Recovery* I proposed the creation of an Office of Management and Budget, to consolidate and coordinate various management functions in the City and to achieve cost savings. This reform would expand project management capabilities. It would reduce positions in other offices and achieve General Fund savings: City Treasurer (\$61,216), Administration (\$1.5 million), Business Office (\$209,467), and Office of the Assistant COO (\$246,026).

**Consolidate “Management Analysts” (\$1.5 million)**

The OneSD system provides both the Financial Management Department and analysts in each department access to the same information. There are, thusly, unnecessary redundancies in monitoring departments. Consolidation of analysts could begin in smaller and mid-sized departments and extend to larger departments in the future. A reduction in 20 department analysts would save \$1.5 million.

**Reduce Press Aides and Public Information Officers**

In the *Roadmap to Recovery* I proposed consolidating all Public Information Officers in the departments, excluding Police and Fire-Rescue, into an Office of Community and Legislative Services. We cited 19 designated press and public relations staff in the City, and noted that there are even more staff and contractors involved with public affairs. This reform would not only produce cost savings, it would also improve the City’s communication to the media and the public. Savings could top \$100K a year.

**Expand Marketing Partnerships (at least \$500,000)**

Last year my office proposed expanding marketing partnerships in a white paper titled "Generating Revenue by Expanding the City's Marketing Partnerships," and later included this reform proposal in the *Roadmap to Recovery*. The Council included this reform in its menu of options presented to the Mayor. The IBA has now endorsed this proposal for the FY 2012 budget.

The General Fund savings is conservatively pegged at \$500,000, though greater savings could probably be achieved, perhaps double that amount.

Clear opportunities exist to expand advertising partnerships at our beaches. Accordingly, I have proposed allocating the revenues from these partnerships to protecting lifeguard services.

#### **Reduce Training and Travel for Non-Public Safety (\$500,000)**

Recognizing that there are legitimate reasons for travel and training costs for City employees, I propose eliminating half the amount for these purposes of what the IBA recommends. There is approximately \$1 million in the FY 2012 Proposed Budget from the General Fund for non-public safety travel and training. Eliminating half of this budgeted amount is prudent, and recognizes that there are valid expenses for these purposes in some departments.

#### **Reduce Arts & Culture Funding by 25% and Reduce Arts and Culture Commission Staff (\$1.8 million)**

In the *Roadmap to Recovery* I proposed reducing Arts and Culture grants by 25%. There are two grant allocation programs, the Organizational Support Program (OSP) and the Creative Communities San Diego (CCSD), for which the Commission for Arts and Cultures is responsible for making recommendations.

I also proposed reducing the Commission staff to one Executive Director and Administrative Aide. Furthermore, grants should be targeted on the organizations where they will have the greatest and most beneficial impact. It is not the proper role of these grants to add funding where they will merely be lines in an already expansive budget.

The arts and cultural activities are supported around our city by engaged nonprofit organizations and individuals. At this time of considerable fiscal challenges, the City should focus tax dollars on the priorities that government is uniquely positioned to provide. I recognize the value of our City's support for arts and culture, and propose that we revisit these reductions when necessary fiscal reforms have been implemented to place our City on a more solid budgetary footing.

#### **Reduce Information Technology (IT) Discretionary Funding 20% (\$1.5 million)**

I support a reduction in non-public safety IT discretionary funding by 20%. It is necessary to distinguish discretionary budget items from non-discretionary, and to limit

discretionary items where appropriate. I believe that this reduction is prudent and will not compromise the City's ability to deliver services.

### **Engage in Managed Competition or Direct Outsourcing for Priority Functions**

I proposed in the *Roadmap to Recovery* jump-starting managed competitions for specified City functions. I am pleased the City has moved forward with the print shop and publishing, street sweeping, and Information Technology (IT).

I have additionally proposed managed competition for trash collection, maintenance in Parks and Recreation, facilities operations in Parks and Recreation, beaches and shoreline maintenance, park and buildings maintenance in Parks and Recreation, facilities in General Services, and fleet and auto maintenance. We estimate the potential savings from managed completion or outsourcing for the additional functions at \$8.7 million, if the transition of functions occurred no later than January 1, 2012. We also assumed an estimated timeline of 12-14 months.

The City has a number of opportunities to produce savings through managed completion. These savings should be realized in a reasonable timeframe. The managed competition process should not take as long as we have seen it take. It should not take a year and a half. The process can and should be accomplished in 90 days.

### **Cut the Mayoral and City Council Budgets by 10% (\$1.6 million)**

In the *Roadmap to Recovery* I proposed cutting the mayoral and City Council budgets proportionally. It is important that the Mayor and the City Council lead by example.

### **Use Proceeds from World Trade Center Sale for Road Repairs (\$2.5 million)**

We can and must also fix and properly maintain our aging infrastructure. I propose using \$2.5 million from the sale of the World Trade Center (WTC) to road repairs in FY 2012. Roads all around our City are riddled with potholes, and are in a general state of disrepair. We have to make fixing our roads and filling the potholes a top priority.

The Mayor's proposes in the May Revision using these WTC funds to pay down principal on capital improvement bonds, and the IBA proposes using them for Convention Center debt service costs. Respectfully, I believe using the WTC funds in these ways constitutes a shell game. Money is being moved around and nothing new is actually created. I believe a higher priority for these funds lies elsewhere. Fixing our roads needs to be a top priority, and the work that the people of San Diego expect to get done must get done.

### **Redevelopment Agency Debt Repayment (\$1 million)**

The IBA has properly identified a potential opportunity for the Redevelopment Agency to pay \$1 million to \$2 million of the General Fund debt held pursuant to the Loan Repayment Agreement approved in February. We must be prudent with the use of

General Fund monies, and recognize opportunities that may exist to relieve General Fund obligations.

**Implement and Expand Recovery and Revenue Auditing (\$1,500,000)**

In the *Roadmap to Recovery* I recommended implementing recovery auditing. The IBA has endorsed this proposal for the FY 2012 Budget. Some of the amounts in the City's accounts payable include overcharges for goods or services provided, payments for services not rendered, duplicate payments, or identify credits from vendors that were not applied. Recovery auditing is the post-payment review of accounts payable with the goals of identifying overpayments and recovering funds. Recovery auditing is common in the private sector.

In response to a request from our office, the City Auditor identified options for the City to expand its use of this practice. The Auditor further suggested opportunities for the City to contract outside firms for this function. We believe that \$500,000 could be generated from recovery auditing.

Additionally, we estimate that expanding revenue audits could generate \$1,000,000. The City Auditor should be authorized to perform more robust and expansive audits on the City's major revenue sources.

**Restore Brownd-Out Fire Stations by Applying Cost Savings with Alternative Staffing Models (\$4 million restoration)**

There can be no priority higher for our City than public safety. I support taking measures to restore brownd-out fire stations. However, we can achieve cost savings by examining possible alternative staffing models.

The Mayor is proposing the wrong approach to restoring brownd-out fire stations by using overtime which costs taxpayers \$9 million a year. The Mayor's proposal would have our City return to this costly vehicle for funding essential services.

My office has released information showing the wide disparity between compensation in the City's Fire-Rescue Department and compensation in comparable public safety positions in San Diego County. Alternative staffing models that match the fact that most emergencies are not fire-related could potentially reduce costs without any compromise of public safety.

**Missed Opportunities**

There are a number of good budget options available, as described above. However, other opportunities for meaningful and significant fiscal reforms that I presented last year in the *Roadmap to Recovery* are no longer available for the FY 2012 Budget the Mayor

and City Council have failed to act. It is regrettable that the opportunity to achieve these reforms in labor contracts has been missed for the time being.

### **Implement a 2% General Salary Reduction for Non-Public Safety, and Freeze Base Salaries for Five Years**

A general salary reduction and freeze not only would have saved several million dollars alone.

### **Reform “Specialty Pays”**

Last year in the *Roadmap to Recovery* I recommended eliminating some of the “specialty pays” that City employees receive. “Specialty pays” boost City employee earnings above their base salary, and even boost their pension payout.

There are some specialty pays that I proposed eliminating, and other specialty pays that may have merit but that could be reformed to pay a flat rate instead of a percentage of base salary.

I proposed eliminating the firefighters’ EMT pay (\$5.4 million), the Fire Administrative Assignment pay (\$719,348), and the Master Degree Library pay (\$262,397). I also proposed a \$1.5 million reduction in the specialty pays in the Municipal Employees Association (MEA) contract.

### **Reform Holiday and Leave Policies**

Labor contracts allow City employees to receive “pay in lieu of leave” every year. In FY 10, according to preliminary close out reports, more than \$5.1 million in General Fund payouts occurred due to this policy. I proposed in the *Roadmap to Recovery* capping the accumulation of personal leave hours, and mandating in all labor contracts that any future lever time accrued may only be paid at the time of termination of employment.

### **Expand the Use of Volunteers**

We can reduce costs in various City departments by expanding the opportunities to involve volunteers. It is a real shame that labor unions have actively fought against efforts to incorporate willing volunteers into the business of our City. We see the commitment and dedication of San Diegans every day to chip in and help our City run. We need to remove the unnecessary barriers that exist to bringing volunteers in to help provide City services where appropriate.

## **Fixing the City’s Financial Problems**

It is clear where our priorities as a City must lie. We cannot allow service levels to be threatened by cuts because some would have us avoid necessary fiscal reforms. The *status quo* is not good enough.

I am pleased by the progress that the City Council has made in identifying and pushing good solutions to our City's budget deficit. We have made progress as a body since I offered the *Roadmap to Recovery* last November. We still need to implement serious reforms for the City to finally emerge from its longstanding fiscal mess. It's my hope that the Mayor and my Council colleagues will join me in finally overcoming our ongoing fiscal problems.



## M E M O R A N D U M

**DATE:** May 25, 2011  
**TO:** Honorable Council President Tony Young  
**FROM:** Councilmember Lorie Zapf- Council District 6  
**SUBJECT:** Final Budget Suggestions

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As we near the final budget vote for FY2012, below is my final list of budgetary suggestions.

***Restore the FY 2011 Funding for Libraries:*** The restoration of full funding to libraries will cost an additional \$4.7 million dollars. In the May Revise the Mayor increased revenue projections for TOT, it is my firm opinion that we should consider increasing our revenue projections for sales tax as suggested by our Independent Budget Analyst. This past year we saw almost 6% growth in sales tax and the local economy is projected to be stronger this year than last. A 1% increase could mean approximately \$1.7 million dollars. While I truly appreciate the Mayor's desire to be conservative, I think a better approach would be to re-evaluate revenues mid-year because if we lay off a librarian we may not be able to get him or her back. To close the additional \$3 million, I would suggest we sharpen our pencils and look at travel, overtime for non-public safety personnel, and worker compensation costs as a few alternatives.

***Implementation Votes for Fees for High Rise Inspections, Entertainment Fees and Cost Recovery for 911 Fire Engine Response:*** It became very apparent during our budget discussions that there is still much work to be done deciding exactly how the City should appropriately secure cost recovery in these three categories. In one case (High Rise Inspection Fees) only one stakeholder meeting had taken place and it was the day before the budget hearing. The Council can move the budget forward with assumptions built in regarding anticipated revenues from cost recovery but also require final implementation plans to come back for Council Action. While it may be anticipated that adjustments to all three fees will come back to us, the Council should explicitly require that all three fees come back for separate implementation votes by Council before any new fees are enacted. Transparency and stakeholder involvement have been key components of how this Council has moved forward on this budget and that should continue in regards to these three fees.

***Flexing Library Hours:*** Even with full restoration, City libraries will only be open 36 hours a week. Currently, their hours open have been left entirely to the discretion of the library department staff. Staff has chosen to have every library open the exact same hours and for some

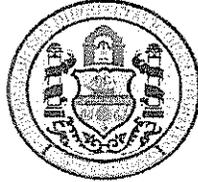
communities some of the traditionally highest use hours have been neglected (in particular Sundays). Park and Recreation facilities have faced similar cutbacks. The Park and Recreation Department has gone to each community and asked residents which hours (within their department's budgeted limits) they would like their facilities to be open. Obviously, this makes staffing for absences and vacations a little bit more difficult but it is accomplished by private businesses and other City departments (such as park and recreation, fire and police) each and every day. Additionally, it may be worthwhile to flex nearby libraries so that greater coverage might be accomplished within sub-regions of the City.

It may be possible to spend almost the same amount of money and increase the level of service we provide to our residents. If we open the 35 branches 36 hours per week, the branch system is open 1260 hours a week. If we restore the current 227 FTE's and assume 30 hours of labor for each position (lunch breaks, opening and closing, etc.) that gives the City a total 6800 hours for the branch system. Even making adjustments for sick time and vacation, that is a ratio well over 4.5 FTE per hour of a branch's operation. The IBA in her budget proposal prior to the May Revise suggested Express Service for some libraries. It may be that adjusting to an express model at the beginning at end of the day for an hour or two will allow us to extend branch hours each day by two to four hours. Over the next six months we would like for the IBA's office to look at this type of proposal and bring it back to Council. If the proposal is deemed to have merit the City might consider bringing in an outside firm to work with the library department on how to appropriately staff for this new model.

***Evaluation and Elimination of Take Home Cars:*** The City must make a comprehensive assessment across City departments of the actual need for take home vehicles and eliminate as many take home vehicles as possible.

***Outsource Disability Administration:*** It may be worth exploring if the City can achieve savings and increase audit and fraud recovery by outsourcing this function. We would ask the Mayor's Office and the IBA to look at alternative service delivery models.

Cc: Mayor Jerry Sanders  
City Council  
Jay Goldstone, COO  
Andrea Tevlin, IBA



CITY OF SAN DIEGO  
COUNCILMEMBER MARTI EMERALD  
DISTRICT SEVEN

MEMORANDUM

DATE: May 25, 2011

REF: M-11-05-07

TO: Office of the Independent Budget Analyst

FROM: Councilmember Marti Emerald

SUBJECT: FY2012 Budget Proposal

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Just six weeks ago our City budget was looking terribly dreary. The Mayor proposed draconian spending cuts for libraries and recreation centers. Other services were also on the chopping block. But that same dreary scenario has improved greatly in the past month thanks to new TOT and sales tax revenues and projections, and new ideas borne of public discussion and considerable numbers crunching by San Diego's Independent Budget Analyst.

Last week, Mayor Sanders released his revised FY 2012 budget. It keeps recreation centers open, restores hours to some of our neighborhood libraries and finds more dollars for public safety. This is all good but not good enough. We can do more to protect our public services.

My FY 2012 Budgetary Adjustment Proposal takes budget restorations further and puts more money away in reserves to help minimize future revenue shortfalls and painful budget cutting. Here's the plan:

- 1) **Eliminate Management Flex Benefits for Salaried Positions Above \$100,000.**  
The IBA estimated the savings from eliminating this benefit would generate substantial dollars to the City's general fund. I propose removing this benefit only for salaried positions over \$100,000. The estimated savings would be \$403,740 for the general fund and \$208,260 for non general funds. Savings: \$612K
- 2) **Reduce the Contribution to the Long Term Disability Reserve by 25%.** While the Mayor has suspended contributions to other reserve funds, the Long Term Disability Fund contribution of \$1.6M remains to allow the transition of this program to an insurance provider. A \$1.2M contribution would allow the transition to move forward and create a savings of \$400,000 to be used towards core city services. Savings: \$400K
- 3) **Invoice and Collect Retro-Active Fire High Rise Fees.** Since 2009, the City has been providing high rise inspections but postponed invoicing for the service while the billing structure is revised. These revisions have been completed and the City has signed contracts that allow retro-active collection of the \$1M owed for the service provided. Savings: \$1M

- 4) **Adjust FY2012 Sales Tax Receipts.** In his May revised budget, the Mayor acknowledged substantially stronger revenues than anticipated, projecting increased FY2012 TOT revenues by \$3.4M. However, the Mayor did not include an adjustment for sales tax which should be increased by 2%, providing additional revenue of \$2.6M, which is still below economic indicators. Savings: \$2.6M
- 5) **Reduce Travel & Training (non-public safety).** The IBA has recommended reducing travel and training for non-public safety staff by up to \$1,000,000. I propose we reduce non- public safety travel and training by half that amount, \$500,000, in recognition of the significant training recommendations outlined in the Kroll Report. Savings: \$1M
- 6) **Expand Marketing Partnerships.** The City Council recently extended the contract with the Pathfinder Group and the Mayor hired a new Corporate Partnership Program Director. The IBA suggests this program can generate an additional \$500,000 in general fund revenue. I propose we make that a more conservative estimate: \$250,000 from corporate partnerships. Savings: \$250K
- 7) **Reduce IT Discretionary Spending (non-public safety) by 10%.** Mayor Sander's FY2012 budget proposal calls for \$7.5 million dollars in non public safety IT discretionary spending. Reducing this by only 10% would result in a \$750,000 savings. Savings:\$750K
- 8) **Reduce the PETCO Park Reserve.** Declining special event revenues at PETCO Park require that we subsidize the facility by \$490,000. In addition the Mayor proposes to create a PETCO Park reserve for FY 2012 in the amount of \$400,000. A better plan is to increase special events so that PETCO park pays for itself and is not a liability to the general fund. I propose limiting this reserve to \$200,000 for FY2012. Savings: \$200K
- 9) **Implement Revenue Recovery Auditing.** The City's Independent Auditor has opined that Revenue Recovery Audits identify missed opportunities to collect revenue. In such critical budgetary times, the City cannot afford to be remiss in collecting money it is owed. Implementing revenue recovery audits could bring in an estimated \$500,000 in extra revenues. Savings: \$500K

**Proposed Budgetary Savings**

ITEM	ACTION	AMOUNT
1	Eliminate Management Flex Benefits for Salaried Positions over 100K	\$612K
2	Long Term Disability Reserve	\$400K
3	Recover High Rise Inspection Fees	\$1M
4	Adjust FY2012 Anticipated Sales Tax Revenues	\$2.6M
5	Reduce Travel & Training (non-public safety & Kroll suggested training)	\$500K
6	Expand Marketing Partnerships	\$250K
7	Reduce IT Discretionary Spending by 10% (non-public safety)	\$750K
8	PETCO Park Reserve Reduction	\$200K
9	Implement Revenue Recovery Auditing	\$500K
	<b>TOTAL</b>	<b>\$6.812M</b>

With the Proposed savings of almost \$7,000,000 outlined above, restoration of the following services is critical to public safety and our neighborhoods.

- 10) Funding the Second Half of the In-station Alerting System.** The City's antiquated fire station alerting system is not functioning and cannot ensure proper emergency response times. I commend the Mayor for funding the first half of the system replacement. I am working with Councilmembers Zapf & Alvarez to pursue grant funding needed to fund the \$1.7M to complete the replacement project at no cost to the City.  
Cost: \$0
- 11) Restoration of All Brownd Out Fire Engines in July 2011.** My highest budgetary priority is restoration of public safety services citywide. I recommend the full restoration of all 8 shut-down engines in July 2011. With wildfire season upon us and the recent uptick in structural fires, we need those brownd out engine companies now. Cost: \$2.8M
- 12) Restoration of Branch Library Hours.** Branch libraries are a critical to our neighborhoods and we must do more to restore library hours and services citywide.  
Cost: \$2.5M
- 13) Mission Trails Regional Park Restorations –** Restore campground hours, one ranger position, a part time center director and mosquito abatement. These are critical to the safe operation of MissionTrails recreational areas. The combined cost of these budget amendments is \$181,000. During the preparation of the final FY 2010 budget report, financial management found \$11.2 million in unused Environmental Growth Fund dollars. I would like to put some of that money to use to buy open space for Mission Trails Regional Park, which has just become available. We are also installing GPS signage on Cowles Mt. to assist first responders reach injured hikers sooner, rehabilitating the mountain trails and need new Cowles Mt. signs at the trailheads. Where appropriate I would like to invest some of this EGF money in these important public safety and open space projects. Is it possible to park this money while we explore the cost of land acquisition and Cowles Mt. projects?
- 14) Restoration of Park & Recreation Swim & Water Polo Hours –** The Park & Recreation Department's Swim & Water Polo Programs are imperative to the community and child safety and development. Cost: \$223,000
- 15) Funding of four Civilian Officers for Vehicle Abatement.** The Police Department proposed cutting four vehicle abatement code compliance officers and replacing them with sworn officers. The IBA and City Attorney are working on details to use designated vehicle abatement funds to save these civilian positions. Keeping these non-sworn workers on the job would keep our neighborhoods safer and continue the removal of abandoned vehicles from our streets. Cost: \$371,000
- 16) Restoration of Lifeguard Training.** Currently the City's Lifeguard Services Department is not providing the necessary training to ensure the highest level of safety at our beaches and bays. I propose to fully restore lifeguard training citywide. Cost: \$300,000

17) **Additional Funding of City Reserves.** After making the proposed budgetary adjustments, the City will have an additional 437K to add to its reserves, moving closer to the 8% target.

**Proposed Services Funding**

ITEM	ACTION	AMOUNT
10	Fund the 2 <sup>nd</sup> half of the In-station Alerting System	\$0
11	Restoration of Shut-Down Fire Engines	\$2.8M
12	Restore branch library hours	\$2.5M
13	MTRP Restorations	\$181K
14	Park & Rec Swim & Water Polo Hours	\$223K
15	Fund Vehicle Abatement Personnel (Enterprise Fund)	\$371K
16	Restoration of Lifeguard Training	\$300K
17	Additional Funding of City Reserves	\$437K
	<b>TOTAL</b>	<b>\$6.812M</b>

In closing, I look forward to approving the new City Council budget line item "Community Projects, Programs and Services" that will again allow each Councilmember to return budgetary savings from their offices directly to the communities they serve.

ME: de



## COUNCILMEMBER DAVID ALVAREZ

City of San Diego  
Eighth District

### MEMORANDUM

**DATE:** May 25, 2011

**TO:** Andrea Tevlin, Independent Budget Analyst

**FROM:** Councilmember David Alvarez

**SUBJECT:** Final FY 2012 Budget Modifications

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The Mayor's May revision of his proposed FY 2012 budget took many suggestions made by the City Council over the last few weeks into account and has spared some basic city services from being reduced. I was particularly appreciative of the \$1.7 million funding for the first phase of installing a new in-station alerting system for the Fire Department and look forward to working with the Mayor to pursue additional grant funding for the second phase. However, I believe that there are budget saving measures that can be used to fully fund a number of essential city services that the public deserves to continue to receive, which I have listed in the attached matrix.

Due to the amount of savings that can be achieved through the package of budget reductions outlined in the attached matrix, I have proposed a number of services that should also be funded, which include:

- **Fully Restore All Library Branch Hours:** Branch libraries are a vital city service to our neighborhoods. Continuing the current staffing and hours our branch libraries are open for use is important to all communities throughout the city. (\$4,700,000)
- **Hazardous Materials Cleanup Crew:** Currently, the Fire Department provides hazmat cleanup services, using critical public safety personnel to address issues like cleaning up

oil spills in local alleyways. Transferring this function to the Environmental Services Department would free up our fire rescue personnel to respond to emergency situations. Hazmat cleanup service is a vital tool that our communities can utilize to ensure that when hazardous substances are identified in our neighborhood streets, canyons and alleyways that it can be removed in an expeditious manner. This service could also be considered for outsourcing (the County currently outsources their hazmat cleanup services) if it would reduce the cost of the service to taxpayers. (\$500,000)

- **Proactive Code Compliance Program:** Keeping our communities free from graffiti and dealing with nuisance properties is vital to maintaining community pride in our neighborhoods. Institution of a proactive code compliance program would assist residents in keeping local streets and properties clean and beautiful. (\$1,500,000)
- **Restoration of Lifeguard Training and Staffing:** Restoring the level of lifeguard training needed to keep our lifeguards up-to-date in current safety and rescue procedures is critical to providing a high level of safety at our beaches, bays, lakes and pools. Restoring three lifeguard relief positions will allow lifeguard personnel to attend training while others perform regular lifeguard duties. Maintaining a high standard of lifeguard training is a critical function that the city must provide. (\$540,000)
- **Restoration of Pool Operating Hours and Swim Programs:** Although the Park and Recreation budget has restored staffing and recreation center hours, pool operating hours and swim programs have not been restored. Allowing our city pools and associated programs to continue operating gives residents of all ages an opportunity to participate in healthy exercise programs that otherwise would not be available to them. (\$331,206)
- **Restoration of After School Programs:** After school programs provide many working families a safe place to allow their children to go to do their homework and continue learning at the end of the school day. These programs are a wonderful alternative for children who may otherwise be left in a less structured environment between the end of the school day and their parents' work day. The benefits of continuing these programs far outweigh the small budgetary savings achieved from eliminating them. (\$137,597)
- **Restoration of Police Department Vehicle Abatement Unit:** My office receives calls from residents daily regarding assistance with removing abandoned or illegally parked vehicles. This is an important service to taxpayers and through the additional revenue brought in through issued citations, the service is, in part, cost recoverable. (\$329,152)
- **Increase Reserves Funding:** Maintaining a healthy reserve level is an important measure the city has been striving to achieve over the past few years. As additional savings are identified, funding not earmarked for a particular service should be placed in our reserves so that an appropriate reserve level can be maintained while allowing some cushion for unexpected funding needs that may arise throughout the year. (\$8,602,045)

I strongly urge the City Council to include these budget savings and restoration proposals in the final Fiscal Year 2012 budget. By including these savings the City can avoid unnecessary cuts to

basic city services such as library hours, after school programs, lifeguard training and youth swimming programs.

Further, in addition to the attached budget suggestions, as we move forward into Fiscal Year 2012, there are a couple steps we can take to ensure that our budgeting process is more transparent to the public. First, the way vacant positions are currently reported throughout the budget does not allow the public to understand the status of each position. For instance, it is my understanding that some vacancies are funded, some are unfunded and some have been eliminated. Understanding the process by which each vacant position is determined and ultimately categorized is helpful to the public and the City Council to make final decisions on whether a particular position should be allowed to remain vacant until such a time when the city has the ability to fill it or if it should be completely eliminated.

Second, I believe the City Council should consider changing how the Transient Occupancy Tax (TOT) is officially allocated. Currently four cents of the ten and one half cents of TOT must be used solely for the purpose of promoting the City. Given that the City has a Tourist Marketing District that does a great deal of marketing and promotions to attract visitors to San Diego, much of these funds now are used for various General Fund related activities such as debt service and the operation and maintenance of City owned facilities. Therefore I propose we amend the applicable municipal code section and City Council Policy to eliminate the dedicated four cents that the City is obligated to use from the TOT for purposes of promoting the City, and instead direct that those funds be allocated to the General Fund. In the spirit of transparency I believe the changes to the municipal code and City Council Policy will allow the city some additional flexibility within the budget and make our intentions clear to the public.

Please see the attached comparison between my proposed budget cuts and restoration of services that were not in the Mayor's May revise.

ATTACHMENT 1

<b>Budget Savings Proposals</b>	
Expand Marketing Partnerships	\$500,000
Eliminate Management Benefit Bonus	\$1,400,000
Eliminate Cell Phones for non-Public Safety	\$200,000
Adjust Terminal Leave	\$400,000
Adjust Long Term Disability Reserve Amounts	\$1,600,000
Reduce overtime and Training for non-public safety	\$1,000,000
Reduce funding for Arts and Culture by 10%	\$620,000
Eliminate Mayor and Council Discretionary Arts & Culture Funds	\$ 220,00
Reduce IT Discretionary Funding by 20%	\$1,500,000
Collect Retroactive Fire High-Rise Inspection Fees	\$1,000,000
Redevelopment Agency Debt Repayment	\$200,000
Elimination of Press Liaison and Management Analyst Positions	\$930,000
9th Council District Budget Neutrality from the Office of the Mayor	\$900,000
Managed Competition for Fleet Services	\$2,720,000
Environmental Growth Fund transfer to General Fund	\$4,881,999
Implement Recovery Auditing	\$500,000
Increased Sales Tax (1%) Projections: \$1.7 million	\$1,700,000
Elimination of Take Home Vehicles	TBD
<b>TOTAL</b>	<b>\$20,271,999</b>

<b>Service Restoration Proposals</b>	
Full Restoration of Fire Engine Brownouts on July 1	\$2,800,000
Fully restore all Library branch hours	\$4,700,000
Hazardous Materials Cleanup Crew	\$500,000
Proactive Code Compliance Program	\$1,500,000
Full Restoration of Lifeguard Training	\$540,000
Restoration of Pool Operating Hours	\$107,875
Restoration of swim programs	\$223,331
Restoration of After School Programs	\$137,597
Restoration of PD Vehicle Abatement Unit	\$329,152
<b>TOTAL</b>	<b>\$10,837,955</b>
Remaining Savings Should be Placed in Reserves	\$9,434,044