



THE CITY OF SAN DIEGO

M E M O R A N D U M

OFFICE OF THE INDEPENDENT BUDGET ANALYST

DATE: August 16, 2022

TO: Elizabeth Maland, City Clerk

FROM: Charles Modica, Independent Budget Analyst 

SUBJECT: November 2022 Fiscal Impact Analyses

As part of the preparation of the fiscal impact analysis procedure outlined in Municipal Code section 27.0506, the decision of any two of the three designated parties (the Mayor, or his designee; the Independent Budget Analyst; and the City Auditor) will result in the final fiscal impact analyses.

All four of the fiscal impact analyses were approved by all three designated parties, see Attachment 1. Attachment 2 contains the fiscal impact analyses for the four propositions:

- Measure B – Amends San Diego Municipal Code Section 66.0127 related to solid waste management services
- Measure C – Removing 30-foot height limit in Midway-Pacific Highway Community Plan Area
- Measure D – Contracting Updates. Project Labor Agreements for State Funding Eligibility
- Measure H – Charter Amendment regarding Article V, Section 55

Please let me know if you have any questions or need any further information.

Attachments: 1. Fiscal Impact Language Authorization Form
2. Fiscal Impact Language for November 2022 Ballot Measures

cc: Honorable Mayor Todd Gloria
Honorable Council President Sean Elo-Rivera
Honorable Councilmembers
Mara Elliott, City Attorney
Andy Hanau, City Auditor
Jay Goldstone, Chief Operating Officer
Matt Vespi, Chief Financial Officer



THE CITY OF SAN DIEGO

FISCAL IMPACT LANGUAGE AUTHORIZATION FOR
NOVEMBER 2022 BALLOT MEASURES

As part of the preparation of the fiscal impact analysis procedure outlined in Municipal Code section 27.0506, the decision of any two of the three designated parties (the Mayor, or his designee; the Independent Budget Analyst; and the City Auditor) will result in the final fiscal impact analysis. The undersigned state their agreement or disagreement with the final fiscal impact analyses for the November 2022 election.


AMENDING SAN DIEGO MUNICIPAL CODE SECTION 66.0127 RELATED TO
SOLID WASTE MANAGEMENT SERVICES

Agree ☒
Disagree ☐

Agree ☒
Disagree ☐

Agree ☒
Disagree ☐


Matt Vespi
Chief Financial Officer
Mayoral Designee


Charles Modica
Independent Budget Analyst

Andy Hanau
City Auditor
Digitally signed by Andy Hanau
Date: 2022.08.15
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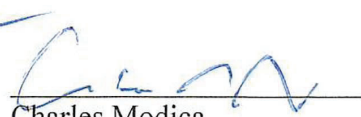
CONTRACTING UPDATES. PROJECT LABOR AGREEMENTS FOR STATE
FUNDING ELIGIBILITY

Agree ☒
Disagree ☐

Agree ☒
Disagree ☐

Agree ☒
Disagree ☐


Matt Vespi
Chief Financial Officer
Mayoral Designee


Charles Modica
Independent Budget Analyst

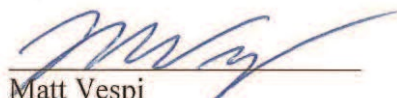
Andy Hanau
City Auditor
Digitally signed by Andy Hanau
Date: 2022.08.15
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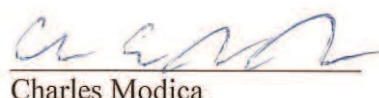
**REMOVING 30-FOOT HEIGHT LIMIT IN MIDWAY-PACIFIC HIGHWAY
COMMUNITY PLAN AREA**

Agree ☒
Disagree ☐

Agree ☒
Disagree ☐

Agree ☒
Disagree ☐


Matt Vespi
Chief Financial Officer
Mayoral Designee


Charles Modica
Independent Budget Analyst

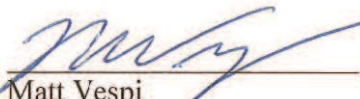
Andy Hanau
City Auditor
Digitally signed by Andy Hanau
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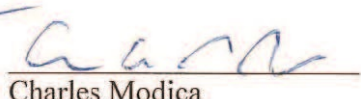
CHARTER AMENDMENT REGARDING ARTICLE V, SECTION 55

Agree ☒
Disagree ☐

Agree ☒
Disagree ☐

Agree ☒
Disagree ☐


Matt Vespi
Chief Financial Officer
Mayoral Designee


Charles Modica
Independent Budget Analyst

Andy Hanau
City Auditor
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Date: 2022.08.15
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FISCAL IMPACT STATEMENT FOR CITY MEASURE ON NOVEMBER 8, 2022 BALLOT

MEASURE D - CONTRACTING UPDATES. PROJECT LABOR AGREEMENTS FOR STATE FUNDING ELIGIBILITY

In addition to several other provisions, this ballot measure removes the June 2012 Proposition A directive prohibiting the City from requiring use of project labor agreements (PLAs) except when required as a contracting obligation or other condition of State or federal funding for City construction projects. This current measure removes the 2012 PLA prohibition but does not mandate use of PLAs.

Current State law prohibits a charter city from receiving State funding or financial assistance for any construction project if a charter provision, initiative, or ordinance limits that city's ability to require or use a PLA that includes certain State-mandated provisions. As a charter city, San Diego's 2012 PLA prohibition may expose the City to loss of State funds for construction projects, though to date there has been no such loss of State funds. The City has relied on the 2012 prohibition's exception to continue pursuing State funding for projects, but it is unclear whether courts would rule that the City's exception to the PLA prohibition is sufficient for continued State funding eligibility. Major State funding and loans awarded to the City for construction projects in fiscal years 2021 and 2022 were approximately \$123.4 million and \$697.0 million.

Uncertainty surrounding the 2012 Proposition A directive also raises the risk of litigation costs and related project delays. The only significant litigation to date was regarding certain labor requirements approved in 2018 for the City's Pure Water Phase 1 project. This litigation was filed in 2019, and a preliminary injunction ruling found the City violated the intent of Proposition A. The litigation resulted in City payment of a \$200,000 settlement and an estimated 4% project cost increase (based on historical trends) due to the 18-month delay.

Whether use of a PLA on a construction project would increase the overall cost of the project is debated. Some studies indicate PLAs increase project costs, while others conclude that PLAs do not increase, or may decrease, project costs. Certain common PLA requirements that may impact costs – such as payment of prevailing wages – are already required by the City regardless of whether a project has a PLA. Any PLA-related costs will depend on the magnitude and number of PLAs used for future City construction projects, which are currently unknown.

Given uncertainty regarding potential PLA impacts on overall project costs, the measure not mandating PLA use, and the unknown magnitude and number of future projects using PLAs, the fiscal impact of potentially adopting PLAs on future projects cannot be reasonably projected.

Lastly, software costs related to this measure's requirement to post PLA project demographic data and hours worked are expected to be **less than \$100,000 annually**. An undetermined cost for related collection efforts may also be incurred. There is also a requirement for a citizens' oversight board, preliminarily estimated to cost **\$175,000 annually**, depending on the duties of the Board as determined by the City Council.