




**OFFICE OF COUNCILMEMBER CHRISTOPHER WARD
THIRD COUNCIL DISTRICT**

M E M O R A N D U M

DATE: May 15, 2017

TO: Mayor Kevin Faulconer

FROM: Councilmember Christopher Ward, Third Council District 

SUBJECT: Request for Suspension of Proposition H/Charter Section 77.1 to Restore Critical Public Safety and Neighborhood Services

In recent weeks, hundreds of San Diegans have attended Budget Review Committee hearings to voice their fervent support for civic priorities such as public safety and arts programming. As you prepare for the release of your Fiscal Year 2018 May Revision, I urge you to request a one-year suspension to Proposition H/Charter Section 77.1 to restore critical public safety and neighborhood services.

Like you, I respect the interests of the voters. Prop H received 65% voter approval in June 2016. The Rebuild San Diego/Prop H measure was about the City budget reflecting the priorities of its citizens. Despite this, the City is facing across-the-board cuts to every city department, including police support, arts and culture funding, code enforcement and other critical community programs in order to implement Prop H's lockbox mandate.

It is important to note that also included in the voter approval was an emergency suspension clause for periods of economic stress. The City has the built-in ability to temporarily suspend the measure to appropriately respond to a budget situation like we face this year.

Charter Section 77.1: "The Mayor may request the suspension of the requirements of this section for one fiscal year or for the remainder of a fiscal year. After at least one public hearing on the request for suspension, the City Council may approve a one-year suspension by a vote of two-thirds of the City Council."

As we grapple with the lockbox directive, new and unanticipated State Gas Tax revenue (SB1) is projected to provide the City with roughly \$319.0 million over ten years, starting in FY 2018. **This revenue could fund the same street repair contemplated in Prop H.**

A one-year suspension of Prop H, in tandem with SB1 funds, would free up approximately \$15.3 million in unrestricted General Funds, in turn allowing the City to address major shortfalls in public safety and community-serving priorities, all while continuing to make the largest annual infrastructure investment of this decade, no less than \$445 million.

Currently, the FY 2018 proposed budget includes \$18.1 million related to the implementation of Charter Section 77.1. Proposed allocations for the Infrastructure Fund include:

- \$15.3 million for slurry seal maintenance;
- \$1.5 million for the modernization of the City Concourse parking garage elevators; and
- \$1.2 million for the construction of the Compressed Natural Gas fueling station.

In response to extensive public testimony and significant Council dialogue, I offer the following recommendations and reprogramming measures for your consideration while maintaining funding for the City Concourse parking garage and Compressed Natural Gas fueling station as you have prioritized:

PROPOSED SOURCES (\$ in millions)		
\$15.3	Prop H*	Currently programmed for Slurry Seal Maintenance
\$15.3	SB 1	Currently unprogrammed
\$3.5	Chargers payment**	Currently programmed for FY18 Special Election Costs
\$5.0	TOT	Currently reallocated from Arts & Culture funding in response to FY18 special election costs and other tourism-related expenses
\$39.1	TOTAL AVAILABLE SOURCES	

* Suspension of Prop H will make \$15.3 million available in one-time Unrestricted General Funds

** Use of one-time General Funds in place of Chargers Lease Termination Payment will allow for future Qualcomm debt service payment

PROPOSED USES (\$ in millions)		
(\$15.3)	SB 1	Slurry Seal Maintenance (replace Prop H with SB 1 revenue)
(\$4.7)	GF	Full restoration of the proposed cuts to Arts and Culture funding
(\$3.9)	GF	One-Time Police Recruitment and Retention Support: One-time cost of accelerating step pay increases for roughly 175 new officers by one year, providing a retention incentive without creating a significant structural cost long-term. The funding could be used for this purpose or any retention strategy mutually agreed upon through the appropriate negotiation process.
(\$3.0)	GF	Implementation of temporary stop-gap measure, including but not limited to additional overtime, to maintain SDPD minimum staffing 24 hours a day, seven days a week
(\$0.7)	GF	Homeless Outreach Team (HOT) Expansion to 24 hours a day, seven days a week
(\$0.5)	GF	Rape Kit Testing: Begin to fully eliminate backlogged inventory
(\$0.5)	GF	Retention Analysis, additional FY18 Recruitment Budget, and Marketing Campaign for San Diego Police Department Recruitment (See May 3, 2017 memorandum from Public Safety and Livable Neighborhoods Chair.)
(\$0.2)	GF	Early implementation of AB 953
(\$0.1)	GF	Nationwide Search for Next Police Chief including adequate resources for community outreach
(\$5.0)	GF	One-Time November 2017 Special Election Costs*
(\$3.5)	Chargers payment	Return to fund balance for FY20 Qualcomm debt service payment.
(\$1.7)	Stabilization Fund	Contribution to Pension Payment Stabilization Fund: As has been discussed multiple times in Budget Review Committee hearings, while our budget challenges are temporary, they will last more than one year. By maintaining a balance in the pension reserve fund, we will be able to reduce the impact of any continued shortfall in future years.
(\$39.1)	TOTAL USES	

* Savings from elections costs not spent could be further invested into the Pension Payment Stabilization Fund for future years.

cc:
Honorable City Attorney Mara Elliot
Andrea Tevlin, Independent Budget Analyst