



THE CITY OF SAN DIEGO

OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

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FY 2013 City Council Budget Priorities

OVERVIEW

On November 8, 2011, the City Council adopted the schedule of key dates for the Fiscal Year 2013 budget development process, which included hearings for Council input into the process. Budget & Finance Committee Chairman Todd Gloria requested Councilmembers to submit their individual budget priorities for the Fiscal Year 2013 Budget to the Office of the IBA by March 2, 2012.

This report compiles the individual budget priorities of each Councilmember as stated in each memorandum. These memoranda from Councilmembers are provided as Attachment Two to this report. Common themes have been identified to represent the budget priorities of the entire City Council. These themes will serve as the basis for the Budget Priorities Resolution to be adopted by City Council, and subsequently forwarded to the Mayor for his consideration as he develops the FY 2013 budget.

The Budget and Finance Committee reviewed the priorities compiled by our office from all eight Councilmember memoranda, and provided additional input and revisions to the priorities and outcome measures attached to this report. Committee member input has been incorporated into this revised report for City Council review and discussion at its meeting on March 19, 2012. The IBA requests that Council provide any additional input on these priorities highlighted below prior to adoption of the priorities resolution and submission of this report to the Mayor for his consideration in the FY 2013 Proposed Budget.

FISCAL/POLICY DISCUSSION

FY 2013 City Council Budget Priorities

The Councilmember memoranda focused on continuing to provide increased services to the citizens of San Diego through efficiencies and effectiveness. Another theme consistent throughout was the continued emphasis on responsible and transparent governance and fiscal stability. As stated in Councilmember Todd Gloria’s memorandum, the primary goal for the

continued responsible governance is to assure the City never faces a structural budget deficit again. To achieve these goals, our Office continues to emphasize the eleven guiding principles adopted by City Council on February 22, 2010 (Attachment Three) for eliminating the structural budget deficit, including the maintenance of sufficient reserves.

In reviewing the memoranda submitted by each Councilmember, it became clear that many areas were consistently mentioned as budgetary priorities, either specifically or that could be captured in one of the following six categories:

Funding of Public Safety

Adequate public safety spending for Fire-Rescue, Police, Lifeguards, and Neighborhood Code Compliance has been of significant Council concern during budget discussions, and the majority of Councilmembers have once again reflected this in their priorities. Priorities relating to funding of public safety in the memoranda include the following:

- Restoration of civilian positions within the Police Department (including Community Service Officers and Investigative Aides) to allow sworn officers to return to patrol duties
- Support for increasing 15 police recruits in the April academy as outlined in the FY 2012 Mid-Year Budget Monitoring Report. There is also support for a further increase in both Police and Fire-Rescue recruits / academies in FY 2013
- Restoration of previous Lifeguard cuts, including: 3.0 lifeguard positions, for training and outreach
- Review of the current capacity of the Neighborhood Code Compliance program, and providing additional funding to this division if they are unable to achieve desired service levels
- Consideration of implementing recommendations included in the Citygate Report for additional Fire-Rescue department resources
- Councilmembers have also supported the Mayor's recommendation for the final \$2.7 million investment in the fire alert system in FY 2012 to improve public safety and response times

Continued Restoration of Service Levels

Due to the extreme budget constraints faced by the City after the onset of the economic recession, service levels throughout all City departments were reduced to balance the General Fund budget. As evidenced by the identified surplus in the FY 2012 Mid-Year Budget Monitoring Report, revenues have increased above budgeted amounts and a corresponding increase in revenues can be reasonably assumed for FY 2013 above previous levels forecasted in the latest Five-Year Financial Outlook. Based on the projected continued increase in revenues, Councilmembers have identified potential restoration of services in addition to possible efficiencies that would allow increased service levels. Some of these items included in the memoranda are as follows:

- Maintain and possibly increase the hours restored for Park & Recreation and Library in FY 2013 (increased in the FY 2012 Mid-Year Report)
- High vacancies reported to Council in the Library and Park & Recreation departments should be aggressively addressed through streamlining to allow proper service levels with proposed expanding hours
- Continue reforms and efficiencies in every department to create the highest service levels possible at the best cost

- Evaluation of “Express Service” model for each library to allow the same staff levels to expand hours beyond the level restored in the FY 2012 Mid-Year Report

Investment in Streets and Public Assets

The City has identified approximately \$900 million in deferred capital backlog of projects. Addressing these deferred capital projects in the most fiscally prudent manner is a Council priority in FY 2012, with both Committee and Council actions underway for the financing and selection of capital projects to be undertaken. Based on responses included in the memoranda, this remains a top priority for FY 2013. Councilmember memoranda supported increased cash funding for deferred capital projects, including streets and other infrastructure. This includes support for the Office of the IBA’s recommendation to request the Mayor to include up to \$8.3 million from FY 2012 Mid-Year surplus for additional cash funding for deferred capital projects in the FY 2013 Proposed Budget. This would achieve the “status quo” O&M spending level of \$54.1 million.

New Innovations and Partnerships

Numerous Councilmembers identified new initiatives and ways to benefit the City and General Fund by expending or creating new opportunities. Some of these items in the Council memoranda include:

- Look into the continued use of volunteers to supplement City services where possible
- Find public / private partnerships that would benefit the City through potential cost savings and efficiencies
- Expansion of city services online for businesses and individuals (possible use of anticipated IT contract savings)
- Converting work hours shifts to 4/10 or 9/80 for positions that are not public safety related
- Continued managed competition processes to create savings and more efficient services to citizens of San Diego
- Continuation of marketing partnership program for new revenue sources

Economic Development Replacement

With the State’s elimination of redevelopment programs, the City Council has emphasized finding ways to create economic stimulus in local communities as a budget priority for FY 2013. Although the fiscal impact to the City based on the Redevelopment Agency’s dissolution is currently unknown, replacing the positive impact it had on the City and additional programs that were identified in the memoranda to spur economic development include:

- Funding sufficient resources in FY 2013 to allow neighborhoods to establish special assessment districts so residents can determine the level of services they choose
- Community plan update funding to create long term planning to spur development
- Reduction of permit fees for responsible businesses while penalizing negligent businesses
- Provide continued opportunities for local green businesses

One-Time Items

The following one-time funding items, which have no recurring impact on the City’s General Fund, were identified by Councilmembers in their memoranda:

- Funding for a new Fire-Rescue multi-purpose rescue boat to provide core life safety services
- Approximate \$0.5 million funding for the Neil Good Day Center for homeless services to continue operations to provide San Diego's homeless population certain benefits.
- Prioritization of the implementation of the Supplier Relationship Management module in SAP, and if budget allows, the implementation of a full bidder registration system beyond SRM
- Funding for new Police Department technologies that would allow increased public safety through communication and other means

City Council Outcome Measures

On February 3 and March 14, 2012 the Budget and Finance Committee discussed a concept regarding the City Council identifying a focused subset of City performance measures, from the City's 279 existing measures, or new measures if necessary, which best represent City Council priorities and policies. Committee members expressed strong support for this idea and requested the IBA to obtain feedback from individual City Council members regarding specific measures. The Committee emphasized the importance of focusing on meaningful outcome-based measures which will give policy makers and the public the tools to assess effectiveness in addressing issues pertaining to quality of life in our community. The Committee also emphasized that this subset should not replace the 279 department measures which are vital to assessing efficiency and effectiveness of departmental operations.

The attached list of 66 performance measures (Attachment One) have been selected to represent City Council priorities in five broad areas: Community Services; Business and Economic Development; Infrastructure Maintenance and Enhancement; Environment and Sustainability; and Efficient, Effective, and Economical Government. As part of the FY 2013 Budget Priorities Resolution the Council requests the Mayor to join with them in embracing these priority measures by consistently tracking these, along with his other departmental measures, and making them highly visible to the public by publishing them in the Executive Summary of the FY 2013 final budget document, the City's website, and other public areas.

CONCLUSION

It is recommended that the City Council review and approve, or amend as desired, the budget priorities highlighted in this report, which will serve as a basis for the FY 2013 City Council Budget Priorities Resolution. We also recommend that the attached City Council Outcome Measures be reviewed and included as part of this resolution.

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- Attachments: 1. City Council Outcome Measures
2. Councilmember Memorandums
3. Guiding Principles for Elimination of the Structural Budget Deficit