

TOP PRIORITY EXPENDITURE OPTIONS MENTIONED IN COUNCIL MEMOS

A. Expenditure Options Mentioned by Majority of City Council	
1. Increase Weekly Service hours at New Central Library from 49 to 52	\$200,000 (OG)
2. Increase Weekly Service hours at Branch Libraries from 44 to 48	\$2.9 million (OG)
3. Retention program to mitigate high sworn officer attrition	\$2.0 million (OT)
4. Sidewalk condition and needs assessment	\$1.0 million (OT)
5. Increase hours at Kumeyaay Campground	\$200,000 (OG)
B. Expenditure Options Mentioned by 4 Councilmembers (Not in Priority Order)	
1. Eliminate Fire Hazard Materials Team cross-staffing	\$1.9 million (OG)
2. Eliminate Fire Bomb Unit cross-staffing	\$1.9 million (OG)
3. Eliminate Urban Search and Rescue Unit cross-staffing	\$1.9 million (OG)
4. Increase frequency of park fertilization	\$450,000 (OG)
5. Urban Forestry program/tree trimming/ tree asset study	\$250,000 (OG)
6. Restore City Attorney budget to FY 2013 funding level	\$500,000 (OG)

**Proposals ranged from \$200,000 for tree assessment study, \$500,000 for Urban Forestry program, to \$2.4 million for Tree Asset Management Program; would require combination of one-time and ongoing funding depending upon desired level of program*

Following are brief discussions of the items outlined in the chart:

A1) Increase hours at New Central Library - For FY 2014, the Central Library is currently anticipated to have 49 service hours per week. The Central Library is scheduled to be open for eight hours Monday through Friday (hours of operations vary), five hours on Saturdays, and four hours on Sundays. The new Central Library is scheduled to open in late September 2013.

As presented in the IBA Report 13-19, Review of the Fiscal Year 2014 Proposed Budget, restoration of three service hours weekly to the Central Library is anticipated to cost approximately \$240,000 annually. The additional three service hours would increase the weekly service hours to 52 hours.

A2) Increase hours at Branch Libraries - For FY 2014, the branch libraries are currently scheduled to have 44 service hours per week. All branch libraries are open for eight hours on Monday, Thursday, and Friday; seven and a half hours on Tuesday and Wednesdays; and five hours on Saturdays. A few branch libraries are open on Sunday, primarily funded through private donations.

The Library Department has previously stated that a goal for a minimum amount of service hours for the branch libraries is 48 hours per week. An additional four service hours per week for all the branch libraries is estimated to cost approximately \$2.9 million annually. The additional four service hours would increase the weekly service hours to 48 hours per week per facility.

A3) Sworn staffing retention program - As discussed at the FY 2014 Budget Hearings, sworn officer staffing challenges must be addressed by not only providing funding for more Police recruits, but by also addressing current attrition issues within the Police Department. In the

current fiscal year, monthly attrition levels are higher than the average of 7 per month experienced in the past three fiscal years. The department has communicated that it has lost officers to other law enforcement agencies, with higher compensation being a main reason.

A majority of Council budget priority memorandums discuss the desire to set-aside funding to support a retention program for sworn officers. The details regarding such a program have not been formulated at this time, but may involve longevity and/or performance pay, or other measures to allow the department to be competitive with other law enforcement agencies offering lateral opportunities.

A4) Sidewalk Condition Assessment - \$1 million - Knowing the current condition of infrastructure assets is imperative to identifying the magnitude of the City's deferred capital and prioritizing funding allocations. The May Revise includes \$1.3 million in funding for condition assessments for Facilities and Park and Recreation assets as well as \$8.8 million for water and wastewater assets. However, the Sidewalk Condition Assessment—which has been identified by Council, City staff, and members of the public as a priority—has not been funded. This is due to liability concerns and the need for the City to develop a clear policy for how this information will be used, especially relating to the financial responsibilities of the City and adjacent property owners. Although California Streets and Highway Code (5610-5618) establishes that sidewalks are owned and maintained by adjacent property owners, City Council Policy 200-12 provides a 50/50 cost sharing program to motivate property owners to replace deteriorating sidewalks. The City is often held liable when a citizen is injured due to sidewalk disrepair.

The assessment will likely identify a large backlog for sidewalk repairs and replacement; under the existing Council policy this could place a significant financial burden on both the City and property owners. Our office agrees that a clear policy must be developed as soon as possible. However, the City has a responsibility to keep sidewalks in a safe and usable condition regardless of whether the City or property owner pays for the repairs. The sidewalks assessment has been identified as a high priority and is anticipated to take about one year to complete, so we are recommending that funding be provided in the FY 2014 Budget so that the assessment can be initiated immediately. The projected cost of the assessment is about \$1 million, including \$697,000 for 14.00 FTEs and \$326,000 for related non-personnel expenses. To reduce the potential liability to the City from damaged sidewalks, once the inspectors discover a condition that may be dangerous during the assessment, the City should follow up with temporary repairs as soon as reasonably possible to keep the public safe. This could impact TSW's FY 2014 budget for sidewalk repairs. The May Revise increased the initial \$400,000 budget by \$500,000 to a total of \$900,000. The \$500,000 is being appropriated for CIP projects.

A5) Restore overnight camping at Mission Trails Regional Park and improve Visitor Center (\$161,000 net of revenues) - In the FY 2013 Mid-Year Budget Monitoring Report (FY 2013 Mid-Year Report), the Financial Management Department projected a \$3.1 million surplus for FY 2013. The Mayor proposed several recommendations to the City Council for usage of the surplus including allocating approximately \$0.2 million to the Kumeyaay Campgrounds. The funding would be used to restore staffing to resume overnight camping and provide funding for capital improvements to the visitor center.

On March 11, 2013 during the discussion related to the FY 2013 Mid-Year Report, the Mayor indicated that his recommendations for the surplus, not approved at that time, would be brought back in the proposed FY 2014 Budget. Due to concerns about filling the needed positions by the

end of the fiscal year, the recommended funding for the Kumeyaay Campgrounds was not approved by the City Council in March.

During the May 22, 2013 Council budget hearings, Councilmembers Sherman and Zapf inquired about funding for the Kumeyaay Campgrounds. Staff confirmed that the funding to restore the overnight camping and undertake the capital improvements to the visitor center had not been included in either the FY 2014 Proposed Budget or the May Revise.

The cost projection for restoring the positions at the Kumeyaay Campgrounds is estimated at \$141,254, covering 1.00 Park Ranger and 0.50 Recreation Center Director and non-personnel costs. Revenue from the additional camping services is estimated at \$40,000 annually, resulting in a net annual impact of \$101,254 for ongoing personnel costs. One-time expenses for visitor center capital improvements are estimated at \$60,000.

B1, B2 & B3) Elimination of cross-staffing for Fire-Rescue Units - A number of the Council budget priorities memorandums include a request for the elimination of the cross-staffing of specialized units at fire stations. Crews at cross-staffed stations have training to respond to specialized calls for services involving hazardous materials, bombs, and/or necessitating the use of search and rescue tools and equipment. Station 44 is cross-staffed as a specialized HazMat Unit, Station 1, as a Bomb Squad Unit, and Station 41 as an Urban Search and Rescue (US&R) Unit. Response calls requiring the assistance from these specialized units often take longer than typical calls for service. In effect, when these stations respond to these longer specialized calls, they are out-of-service, and are not available to respond to other calls. Calls within the service area of the specialized units are then responded to by the next nearest available fire station, which results in an increase in response times. Dedicating staffing for specialized calls for service would effectively add additional crews to these stations, so that when the specialized unit is out-of-service, a second crew is available to respond to calls.

Due to the volume of HazMat and Bomb Squad calls for service, the elimination of cross-staffing at Station 44 and Station 1 are priorities of the Fire-Rescue Department. The elimination of cross-staffing at Station 41 is not a top priority of the department at this time given that the volume of US&R calls is less than that for the other specialized units. Eliminating cross-staffing would cost \$1.9 million for each station, which would support the addition of 12.00 FTEs: 3.00 Fire Captains, 3.00 Fire Engineers, and 6.00 Firefighters. Adding additional personnel will allow staffing to be dedicated to specialized calls for service. The Fire-Rescue Department has communicated that one 30 member academy in FY 2014 (which is currently incorporated within the FY 2014 Budget) will be sufficient to support the additional staffing, with the need for a second academy in FY 2015.

B4) Increase frequency of park fertilization - As part of the General Fund reductions for the Park and Recreation Department during the FY 2011 Proposed Budget, the Park Turf Fertilization Program was one of many programs that was eliminated to provide approximately \$3.8 million in departmental cost savings.

Due to the heavy usage of the parks citywide, this program is a priority for the department to help maintain the quality of the turf within the parks. Restoration of this program will provide for fertilization at all the city parks, including the passive and athletic areas, three times a year for an estimated cost of \$450,000 annually in non-personnel costs. The Park and Recreation Department anticipates reducing the number of aerifications for the parks from six times annually to three times annually and adding three applications of the fertilizer annually.

B5) Citywide Urban Forestry Program and Coordinator - Trees are a beloved and critical piece of urban infrastructure and provide valuable environmental, economic, and social functions for the City. Several City departments and public organizations are involved in tree-related services. Transportation & Storm Water (TSW) provides maintenance and care for trees in the public right of way, and Park & Recreation provides tree maintenance in parks, open spaces, etc. Development Service's (DSD) Planning Division conducts community plan updates, which include planning for parks, creation of street tree master plans, and identifying opportunities for green streets. DSD is also currently managing three grants related to urban forestry and greening. The Community Forest Advisory Board (CFAB) provides advice and recommendations to the Mayor and City Council on policy issues relating to urban forestry. In addition, organizations such as the Urban Corps partner with the City for tree planting. Several Councilmembers mentioned this area of need as a top funding priority for FY 2014.

The City's Urban Forestry Program for maintenance and planting of trees in the public right of way was eliminated in FY 2010 as part of budget balancing measures. Although City crews continued to respond to urgent tree maintenance requests, scheduled trimming was significantly reduced in FY 2011 and then eliminated in FY 2012. Restoration of tree maintenance has been a budget priority for Council due to the potential public safety hazard of untrimmed trees in the public right of way. In FY 2013, Council appropriated \$257,000 for tree trimming in addition to the \$300,000 in Street Division's budget for tree maintenance services. The FY 2014 Proposed Budget for TSW includes \$800,000 for tree services and the May Revise included an additional \$100,000 of unspent funds which is being rolled forward from the FY 2013 tree services contract. Note that an inventory of trees in the right of way will be conducted as part of the FY 2014 tree services contract to update the most recent inventory (conducted in 2002).

The \$900,000 provided for tree maintenance is commendable; however, the May Revise does not include funds for a Citywide Urban Forestry Program and Coordinator to identify strategies and policies for proactively managing the City's trees, coordinating Citywide tree services, and serving as a liaison to CFAB. The Urban Forestry Coordinator position would require about \$150,000 in personnel and related non-personnel expenses. An additional \$100,000 could be used to begin to outline the Citywide Urban Forestry Program and supplement existing grant funds for developing an Urban Forest Management Plan and creating Urban Greening Plans for North Bay and City Heights. DSD/Planning would be well-suited to house such a program since its focus is policy, planning, and coordinating among City departments, and DSD currently manages the existing urban forestry and greening grants. We recommend initial funding of \$250,000 if Council desires to start this program in FY 2014.

B6) Restore City Attorney budget to FY 2013 funding level - The FY 2014 Proposed Budget included a reduction of approximately \$1.43 million for 13.00 FTE positions. At the department's budget hearing on May 8, 2013, the City Attorney mentioned that, had the administration consulted with him, he could have suggested other ideas for shifting departmental costs away from the General Fund. As an example, he discussed the possibility of using \$925,000 of existing Proposition 64 and Consumer & Environmental Protection Unit (CEPU) funds to cover the costs of the Consumer & Environmental Protection Section (CEPS) of his department in FY 14. Annual CEPS costs of approximately \$965,000 are currently budgeted in the General Fund.

The May Revision to the FY 2014 Proposed Budget took the City Attorney's suggestion by budgeting \$925,000 in revenue from the Prop. 64/CEPU funds and also increasing personnel

expense by \$925,000 thereby reducing the proposed reduction from \$1.43 million to approximately \$508,000.

Prop. 64 revenue had been included in the budget prior to FY 2013. In developing the FY 2013 Budget, the City Attorney requested that this revenue no longer be budgeted given their expectation that “Prop. 64 funds would be completely depleted during FY 2012”; however, approximately \$833,000 of additional Prop. 64 monies were received in FY 2012 and the Prop. 64 fund had a balance of \$637,000 at the end of FY 2012. As a matter of practice, the department continues to reimburse most of annual CEPS expense from Prop. 64 funds and the annual expense for CEPS continues to be budgeted in the General Fund. The practice of reimbursing General Fund expenditures with Prop. 64 funds results in the receipt of additional and unbudgeted departmental revenue. By budgeting existing Prop. 64/CEPU fund balance revenue in FY 2014, the proposal in the May Revise effectively reflects the department’s current practice of reimbursing CEPS expense from Prop. 64/CEPU funds.

Important considerations related to the proposed change in the May Revise:

- The change in the May Revise means the City Attorney would still need to identify approximately \$508,000 of budget reductions. In a memorandum to the City Council dated May 29, 2013, the City Attorney indicates that if required to make budget reductions he will be forced to eliminate non-charter mandated positions, most likely within the CEPS and/or the Neighborhood Prosecution Unit (NPU). If the City Attorney elects to meet the \$508,000 budget reduction target by eliminating positions from the CEPS, the amount and receipt of Prop. 64 funds going forward is potentially jeopardized.
- The City’s Prop. 64 fund receives all civil penalties awarded in consumer protection law enforcement court actions brought in the name of The People of the State of California (not the City of San Diego) under California’s Unfair Competition Law. The City initiates or joins other jurisdictions in the State in bringing these cases forward. Proposition 64 limits the use of these penalties to fund consumer protection enforcement. It is therefore appropriate to use these funds to reimburse the City for CEPS expense.
- The amount of Prop. 64 revenue the City receives varies annually. It is difficult to accurately budget for this revenue, as the amount of Prop. 64 penalty funds is determined by unique cases and pending court actions. In the last four fiscal years, the amount of Prop. 64 penalty funds received by the City has ranged from \$307,000 to \$833,000. Given the amount of Prop. 64 funds received in recent years and the annual uncertainty associated with their receipt, these funds should not be relied upon to entirely cover the total ongoing expense of the CEPS beyond FY 2014.

May Revise Proposal: If the proposal to budget an additional \$925,000 of revenue and personnel expense is approved, the City Attorney will still need to identify \$508,000 of budget reductions. It is expected that the combined balance of Prop. 64 and CEPU funds will be at least \$925,000 to begin FY 2014, so the receipt of this revenue is certain provided the City Attorney does not reduce his CEPS staff in FY 2014 to achieve the \$508,000 budget reduction (as noted above, Prop. 64 funds can only be used to reimburse the CEPS work unit). It is important to note that Prop. 64/CEPU funds are uncertain beyond FY 2014. While it is likely that some Prop. 64 funds will be received in FY 2014, new ongoing funding will have to be identified in the next fiscal year to avoid a City Attorney budget reduction of up to \$925,000 in FY 2015.

Restoring the City Attorney's Budget to its FY 2013 Level: As noted above, the City Attorney expects to have a \$925,000 fund balance to begin FY 2014. These funds can appropriately be used to reimburse the cost of CEPS. In order to restore the City Attorney's budget to the FY 2013 level in FY 2014, an additional \$508,000 of one-time revenue will need to be identified in FY 2014. If the Council wishes to permanently restore the City's Attorney's budget to the FY 2013 level, the IBA recommends the City Attorney be required to conservatively budget the amount of Prop. 64 funds they expect to receive each fiscal year (i.e., \$500,000). Additionally, new ongoing funding will need to be identified for the remainder of the \$1.43 million reduction proposed for FY 2014 (\$930,000). If a full restoral is desired, the IBA recommends the City Attorney be asked if he has other ideas for shifting departmental costs away from the General Fund (i.e., pursuing full reimbursement for services provided to other non-General Funded entities).