

OTHER ISSUES FOR COUNCIL DISCUSSION

Storm Water Positions for Catch Basin Inspection and Cleaning

The Mayor's May Revise includes an addition of 13.00 FTEs to the Storm Water Division to perform catch basin inspection and cleaning services. Related expenditures include ongoing personnel funding of \$927,109 and \$16,500 for supplies/support and one-time funding of \$290,000 for vehicle purchases. These costs are offset by the reduction in contract expenditures of \$722,000. These services have historically been performed through a contract with Ron's Maintenance which expired May 1, 2013. The net increase for FY 2014 to bring this function in-house is estimated at \$511,209. For future fiscal years the net increase to provide this service in-house will be approximately \$222,000, since the \$290,000 for purchasing vehicles will be a one-time expenditure during FY 2014. As discussed in the May Revise and at the Budget Review Committee meeting on May 22, 2013, bringing this function in-house allows for compliance with City Charter 117(c) requirements and MMBA obligations regarding performance of City services. The Storm Water Division has also expressed that having City workers perform this function could allow for more flexibility with their work which is necessary due to the importance of complying with storm water regulations.

Full year funding for one Public Works Supervisor, six Utility Worker II's and six Utility Worker I's has been included in the May Revise. This staffing level was determined by the Storm Water Division based on the anticipated number of crew hours required to inspect approximately 23,000 drains and to clean about half of them. The hiring process is anticipated to take approximately three months as the department has already initiated the classification process and has begun working with the Personnel Department. However, if timely hiring of staff does not occur, compliance issues may arise as this work is required to be completed by the end of the fiscal year, as mandated by the Municipal Storm Water Permit.

As discussed in IBA Report #13-19, the Storm Water Division expects to make future position and other funding requests in order to comply with increasingly stringent requirements set forth by the new Municipal Storm Water Permit adopted May 8, 2013. The addition of these 13 positions does not mitigate the Storm Water Division's expected position requests for FY 2015.

525 Lease Savings Projections

As presented in the May Revise, the relocation of City employees from 600 B Street to 525 B Street is anticipated to reduce the City's annual office lease payment for these employees from approximately \$4.3 million to \$1.4 million, generating approximately \$2.9 million in budgetary savings of which approximately \$1.6 million will be allocated to the General Fund and \$1.3 million to several Public Utility enterprise funds. The projected savings is from the annual base rent portion of the proposed lease agreement.

In consideration of the actual savings, there are several additional potential costs such as construction/improvement costs for the new location, relocation or moving costs, and additional/new furniture costs that should be considered. Some or all of these costs may be funded through the tenant improvement allowance (funding for various items including design and construction work) provided by the property owner. However, until detailed floor and work space plans as well as construction drawings are developed, the projected savings from the base rent portion of the lease agreement are uncertain. The proposed new lease agreement related to the 525 B Street office space is scheduled to be discussed at an upcoming Council meeting.

Homeless Shelter Funding – Veterans’ Winter and Homeless Emergency Shelter

The Mayor’s May Revise includes \$600,000 in funding to extend the operations of the Veterans Emergency Winter Shelter by 7 months, for year-round operations. This funding is in addition to \$315,000 in CDBG and Emergency Solutions Grant (ESG) monies and \$40,000 from the San Diego Housing Commission to support four months of operation for the facility, bring the total budget to \$955,000.

At this time, many questions remain including what additional funding is necessary to support the extended operations of the facility, the permits required to allow for year-round emergency operations, and CEQA requirements. The Mayor’s Office has created a task force consisting of representatives from the San Diego Housing Commission, Streets Division and Development Services, Real Estate Assets, Fire-Rescue, Public Works, Public Utilities, and the Disability Services Departments to evaluate options for the operations of the Veterans Shelter, as well as the proposed year-round operations of the Single Adult Emergency Winter Shelter in FY 2014. In regard to the Veterans Shelter facility location, Veterans Village of San Diego has been granted year-round access to its current site on federal property. The location of the Single Adult Shelter has not been determined at this time.

It has been communicated to our office that the funding necessary to support both the Veterans Winter Shelter and the Single Adult Winter Shelter will likely be substantially higher than the amounts included in the FY 2014 Proposed Budget and the May Revise. The budgeted amounts for the shelters do not include the costs associated with utilities, maintenance, administrative and other costs associated with year-round operations. The additional costs are up to approximately \$212,000 for the Single Adult Winter Shelter, which is currently budgeted at \$1.3 million, and up to \$537,000 for the Veterans Shelter.

Economic Development – SBEP Funding

The FY 2014 Proposed Budget cut \$185,000 of Small Business Enhancement Program (SBEP) funding for the BID Council. Citing SBEP fund apportionment requirements in Council Policy 900-15, the IBA raised the question of how these funds would be redeployed. The May Revision to the FY 2014 Proposed Budget indicates the \$185,000 will be used to provide additional funding for small business enhancement grants, micro district grants and technical assistance.

The IBA believes the proposed change as described generally complies with Council Policy 900-15 in that the entire SBEP appropriation will continue to be dedicated to small business programs; however, the specific apportionment language in section 1 of Council Policy will need to be amended to reflect this change. Two Councilmembers have suggested the \$185,000 be placed in the Appropriated Reserve until the appropriate Council Committee can revisit the policy. This approach could be employed or, alternatively, the Council could opt to budget the \$185,000 as proposed and simply bring the Council Policy to the appropriate Committee for amendment.

If the \$185,000 is budgeted as proposed, the department has informed the IBA that the increased level of grants and technical assistance will be administered by Economic Development staff. A BID Advocate position will be created using an existing vacant Program Manager position to assume these new responsibilities.