



THE CITY OF SAN DIEGO

OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

Date Issued: May 31, 2017

IBA Report Number: 17-24

City Council Docket Date: June 5, 2017

Item Number: 201

FY 2018 Councilmember Budget Priority Memoranda

On February 13, 2017 the City Council adopted the FY 2018 Council Budget Priorities Resolution No. 310944 that was forwarded to Mayor Faulconer for his consideration as he developed the FY 2018 Proposed Budget. As we noted in our review of the Proposed Budget, 7 of the 10 top expenditure priorities supported by a majority of the Councilmembers received at least partial funding, a number that increased to 9 of the Council's 10 top expenditure priorities due to the addition of funding in the Mayor's May Revision to the FY 2018 Proposed Budget (May Revise).

As part of the FY 2018 budget development process, Councilmembers submitted budget priority memoranda to our Office on May 22, 2017, which are included in their entirety as attachments to this report. These memos identify specific expenditure priorities and potential new funding sources not yet included in the FY 2018 Proposed Budget or the May Revise.

Our Office reviewed the budget priorities mentioned by a majority of Councilmembers—five or more—in their memoranda, and we discuss these prioritized expenditures and resources in IBA Report 17-23 (*Review of the FY 2017 Year-End Budget Monitoring Report, FY 2018 May Revision, and Recommended Revisions to the Mayor's FY 2018 Budget*). In that report we recommend funding for all of the City Council's majority expenditure priorities, and recommend using the two funding sources mentioned by a majority of Councilmembers. The IBA's final budget recommendations will be considered by the City Council at the meeting of June 5, 2017.

Christiana Gauger
Fiscal & Policy Analyst

APPROVED: Andrea Tevlin
Independent Budget Analyst

Attachment: 1. Councilmember Budget Priority Memos



**COUNCILMEMBER BARBARA BRY
CITY OF SAN DIEGO
DISTRICT 1
MEMORANDUM**

DATE: May 22, 2017
TO: Andrea Tevlin, Independent Budget Analyst
FROM: Councilmember Barbara Bry, First Council District and Budget and Government Efficiency Committee Chair *Barbara Bry*
SUBJECT: District 1 Fiscal Year 2018 Final Budget Priorities

I campaigned on the promise to keep District 1 and the City of San Diego (City) safe, clean, and prosperous.

In the face of a deficit, I am committed to a balanced and responsible budget that preserves the City's core responsibilities. I support the Mayor's restorations that include funding a national search for San Diego Police Chief with extensive community input. The search should include both external and internal candidates from the San Diego Police Department (SDPD).

I support the Mayor revise funding of a recruitment and retention plan to identify opportunities to increase SDPD competitiveness and morale, as well as the addition of critical domestic violence and neighborhood prosecution positions in the City Attorney's Office.

I further commend the Mayor's commitment of one-time funds to the Arts.

Due the fiscally prudent decisions of the Mayor and previous Councils, as well as the timing of one-time resources, we are in a position to safeguard our core services and as such, my final Fiscal Year (FY) 2018 budget priorities are below.

Public Safety

Recruitment and Retention San Diego Police Department: The Mayor's May Revise provides \$150,000 to SDPD for a recruitment and retention study. This should be more than enough, and part of this funding should be able to be used for actual recruitment efforts. It is critical to gather data and make evidenced-based decisions to improve our SDPD's competitiveness in the marketplace. After completion of the study, the city must make resources available to implement recommended retention strategies. I therefore request \$3 million be budgeted for this purpose.

Technology San Diego Police Department: The City must comply with AB 953. I support providing a \$100,000 line item for use when the State publishes its requirements.

Lifeguard Training: San Diego tourists and residents rely on the Lifeguard Division to keep our beaches and bay safe. More than 20 million people visit City beaches in a typical year, and in 2016 the lifeguards performed over 9,000 water rescues. A 2015 City Auditor Report stated that half of the Lifeguard Division is eligible for retirement by 2020. The report also details the certain lifeguard skill sets associated with the Boating Service Unit (BSU), which can take many years to develop and certify. Of the lifeguards eligible to retire in the immediate future, the vast majority of these guards operate out of the BSU.

For these reasons, I request that \$100,000 be put towards Level II boat training. This one-time expense can be funded through the reduction in the \$226,000 line item for Information Technology expenditures to update Lifeguard Mobile Data Tablets. On April 5, 2017, Fire Rescue reported to Public Safety and Livable Neighborhoods Committee that it is still analyzing the cost of fully implementing the recommendations for potential funding requests in FY 2019 and beyond. I suggest that the Mayor consider utilizing a \$100,000 reduction from the \$226,000 until all of the costs and logistics for full implementation are analyzed.

Lifeguard Staffing: It is vital that our staffing levels reflect the need for safety service along our coastline. Currently, the Children's Pool and La Jolla Cove each have two year-round Lifeguards, which is not sufficient to cover for extended hours, crowds and a number of job responsibilities. For these reasons, I request one daily (two FTE) Lifeguard II stationed at the Children's Pool, to cover needs at both the Children's pool, whose response responsibilities extend past Bird Rock, to La Jolla Cove.

Arts

The Mayor has provided for one-time funds for the Arts and I request adding additional one-time funds.

Climate Action Plan

The City's Climate Action Plan (CAP) has tangible goals to attain 100 percent clean energy, zero waste, and greater access to commuting by walking, biking, or taking transit by 2035. As a coastal city experiencing the direct impacts of climate change, including wildfire, flooding, and sea level rise, it is imperative to cut the City's greenhouse gas emissions in half by 2035.

To meet these targets, I request:

1. A five-year roadmap, completed within six months, outlining the specific policy steps needed to implement the CAP and all associated costs. I, along with my Council colleagues, have asked the Independent Budget Analyst (IBA) to prepare this document.
2. Funding for the next phase of development of a Community Choice Energy (CCE) program. The CAP indicates that Council will be voting on CCE by Fall 2017, so funding for implementation is critical. I request that the FY18 budget include \$200,000 for this purpose.
3. Appropriate resources to ensure the execution of the Downtown Mobility Plan and the highest priority bike lanes, identified by the Bicycle Advisory Committee, as well as installation of counters to collect ridership data.
4. Preservation of \$100,000 of funding for shade tree pruning; allocation of funds to expand the canopy; and an increase in staffing capacity to implement the Phase 1 actions outlined in the Five-Year Urban Forest Management Plan, adopted January 2017.

Development Services

I request that the two (2) reduced Code Compliance Officers are restored upon the collection of increased TOT and/or Measure N revenue.

Parks and Recreation

I request \$125,000 to be allocated to repairs at the Carmel Valley Pool (Pool). The Pool served a population of about 27,000 when it was built in 1999. Eighteen years later it serves about 54,000 residents. I am prepared to request \$125,000 from the Carmel Valley Recreational Council to match the City's contribution and complete needed repairs.

Resources

All of the requested additions, save for Lifeguard Staffing, can be achieved via Excess Equity. I am confident that we will achieve at least \$5M in savings as a result of foregoing a special election. Funding for the ongoing positions can be found by eliminating Classified Non-Sworn Vacancies that were not requested for certification and never filled as far back as 2009.

Thank you for your consideration of the priorities I've outlined here. If you have questions, please contact Victoria Joes at vcjoes@sanidiego.gov or (619) 236-6611.



MEMORANDUM

DATE: May 22, 2017
TO: Andrea Tevlin, Independent Budget Analyst
FROM: Councilmember Lorie Zapf- Council District 2
SUBJECT: Final Budget Suggestions for FY 2018

In the most recent May Revise several of my major concerns were addressed by the Mayor. Primarily, restoring some funds to Arts and Culture Penny for the Arts Funding helped address a significant shortfall, however, I would like to see continued restoration of funds in future years.

Below is a list of Council District 2 priorities that I, on behalf of my council district, would like to see included in the upcoming budget discussions:

Second Trash Pick Up in Mission Beach: Increased tourism and trash during the summer months has added to a fly infestation that has become a health and safety issue for residents and businesses in Mission Beach. Several restaurants in the area were cited in previous years by County Vector Control due to flies. Last year the number of vector complains was significantly diminished due to the funding of the second pick up of trash. The additional pick-up helped interrupt the fly breeding cycle and curbed the amount of flies. I would recommend an allocation of \$70,000 to cover 13 weeks of summer trash pick-up in Mission Beach.

Additional Resources for Get it Done Application: The *Get It Done* application has been well received by the public but is in general need of continued support and upgrades. During the Council's Budget Committee hearings, Performance and Analytics indicated that their next priority areas for funding would be to not only improve the current workflow of the application but also to expand it to include issues related to the Environmental Services Department. This would possibly include common constituent issues such as missed trash pick-ups, new and lost container request, and illegal dumping. With one time funding of \$500,000, we should continue to enhance the public's use of this application and implement the aforementioned improvements.

Police Recruitment and Retention: Police staffing levels are of the utmost importance in maintaining safe neighborhoods. Since we are currently facing a shortfall of officers in the City, and losing officers to other departments, I would like to see additional funds to increase recruitment and retention of San Diego Police Officers.

Code Enforcement: Short Term Vacation Rentals generate an enormous amount of noise and nuisance complaints. Since we do not have a current enforcement or resolution on Short Term Vacation Rentals, I would recommend adding back in one code compliance officer for FY 2018 to help with noise and nuisance complaints.





**COUNCILMEMBER CHRISTOPHER WARD
COUNCILMEMBER DAVID ALVAREZ
COUNCILMEMBER GEORGETTE GÓMEZ**

M E M O R A N D U M

DATE: May 22, 2017

TO: Andrea Tevlin, Independent Budget Analyst

FROM: Councilmember Christopher Ward, Third Council District 
Councilmember David Alvarez, Eighth Council District 
Councilmember Georgette Gómez, Ninth Council District

SUBJECT: **Final Budget Priorities and Revisions to the Fiscal Year 2018 Budget**

This memorandum contains our joint priorities for the Fiscal Year 2018 budget, which align with our commitment to create a San Diego where all people can achieve their full potential. In recent weeks, hundreds of San Diegans have attended Budget Review Committee hearings to voice their fervent support for civic priorities such as critical public safety and neighborhood services. The following are our final priorities for funding:

PUBLIC SAFETY

- **Police Department Recruitment and Retention:** Public safety remains our highest budget priority. The City must continue to prioritize the recruitment and retention of police officers. Although the May Revise allocated funding towards a retention study, significant resources have not been allocated to curb attrition rates during FY18, when officer staffing levels may fall below 1,800. As such, in FY18, the City should appropriate sufficient funding to prevent continued attrition and ensure minimum staffing levels are met throughout the duration of FY18. This one-time cost of accelerating step pay increases for roughly 175 new officers would provide a retention incentive without creating a significant structural cost

long-term. This funding could be used for this purpose or any retention strategy mutually agreed upon through the appropriate negotiation process. *Approximate cost: \$3.9 million.*

- **Police Department Minimum Staffing:** The City must implement a temporary stop-gap measure, including but not limited to additional overtime, to maintain SDPD minimum staffing levels 24 hours a day, seven days a week. *Approximate cost: \$3.0 million.*
- **Community Oriented Policing:** We encourage the Mayor and City Council to invest in a community policing philosophy and program that promotes organizational strategies, partnerships, and problem solving techniques between law enforcement, citizens, and neighborhood groups, to proactively address the immediate conditions that may otherwise give rise to public safety issues, such as crime, social disorder and fear of crime. It is imperative that the Police Department present a community-policing restoration plan to ensure a robust community policing strategy. Specifically, we request that additional Community Relations Officers and multi-lingual Police Officers/Police Service Officers be added as the Police Department continues to rebuild.
- **Homeless Outreach Team Expansion:** We request additional funding to expand the HOT team to 24 hours a day, seven days a week. This an effective health and safety outreach program which provides critical services to the homeless living on the streets. Expansion of this program would allow for the HOT team to service multiple areas of the City simultaneously. *Approximate cost: \$700,000.*
- **Rape Kit Test Backlog:** There is an estimated backlog of nearly 3,000 rape kits that have yet to be sent to the SDPD crime lab for testing. Analysis of such tests would not only help solve reported crimes, but would also provide key information to cold cases in other jurisdictions. We request funding to begin addressing some of this backlog. *Approximate initial cost: \$500,000.*
- **Implementation of the Racial and Identity Profiling Act (AB 953):** The regulations for this statewide legislation will be finalized imminently. The PS&LN Committee requested that San Diego Police Department (SDPD) implement AB 953 once the regulations were completed and bring information about what it would cost to do so. To best prepare SDPD for this shift in regulations, we recommend making an allocation for personnel, training, and management of this priority. *Approximate cost: \$200,000.*
- **Police Chief Recruitment Outreach Process:** We applaud the May Revise addition of \$100,000 for Police Chief Recruitment Services and we request that the use of these funds include support for both a nation-wide recruitment efforts, as well as a robust local community outreach process to solicit public input on the desired qualifications for the new Police Chief.
- **Fire-Rescue Department Resource Access Program:** The San Diego EMS Resource Access Program (RAP) is a paramedic-based surveillance and case management system that intercepts high EMS users. RAP seeks to reduce dependence on EMS and acute care services

by linking the individual with appropriate resources for their underlying medical, mental health, and social needs. RAP is coordinated by a San Diego Fire-Rescue paramedic who works under the direction of Dr. James Dunford, EMS Medical Director for the City of San Diego. Currently, there are no community paramedics dedicated for this program. Since its inception, RAP has saved taxpayers approximately \$2 million diverted public health costs. We request the addition of 4.0 FTE Community Paramedics for this program. *Approximate cost: \$380,000.*

NEIGHBORHOOD SERVICES

- **Code Compliance Officers:** The Development Services Department's Neighborhood Code Compliance Division provides significant value to neighborhoods by enforcing our municipal code and protecting the public from a variety of health and safety violations. Our districts contain some of the oldest neighborhoods in the City, which rely on code enforcement to mitigate such nuisances as illegal business operations, high occupancy housing issues, short term vacation rentals, noise generators, accumulation of materials in yards, and unsafe and unsanitary housing conditions. We request the restoration of the 4.0 FTE Code Compliance Officers that were eliminated in Development Services. *Approximate cost: \$406,000. Note: This cost could be offset by corresponding revenue from short-term vacation rental permits. 5.0 FTEs are being added in the Office of the City Treasurer to support Short-Term Rental Compliance. The addition of Code Compliance Officers should be complementary.*
- **Library Programming:** In the FY18 proposal, the Library's \$500,000 programming budget was eliminated. This item serves as a tool to ensure equity across the Library system by helping to sustain programming for branches in underserved and less affluent neighborhoods, which don't have access to private support. While we applaud the Mayor for restoring \$100,000 of the programming budget, it is not enough. We request the restoration of the Library programming budget to ensure greater equity in our communities. *Approximate cost: \$400,000.*
- **Penny for the Arts:** Currently, the Mayor's 5-year Outlook shows 6.60% of projected TOT revenue budgeted to support the Penny for the Arts Blueprint, falling short of the Blueprint's stated 9.5% goal for FY18 and down nearly 15% from the FY17 adopted budget. This means that for the next five years, Arts and Culture funding will continue to be millions of dollars short of the Blueprint's commitment. The FY18 proposed budget cut funding for arts programs by approximately 31%. The May Revise partially restored funding for arts and culture programs, but still falls far short of the Blueprint goal for FY18. Although our preference would be for the Blueprint goal to be met, it is imperative that at the very least, arts programs be funded at the same level (\$15.1M) as FY17. *Approximate cost: \$2.3 million.*

- **Expansion and Improvements to “Get It Done” Application:** The City should seek improved coordination and expansion opportunities for its primary customer service (pilot) application “Get It Done”. *Approximate cost: \$500,000.*

INFRASTRUCTURE & SUSTAINABILITY

- **Storm Water Channel and Storm Drain Maintenance:** The City has engaged in an effort to enhance the maintenance of its storm water channels and storm drains to ensure that life and property are protected during the winter storm season. Much of the work performed in the last 18 months by the department has been through emergency permitting. In order to avoid the need to do last minute emergency permits to prevent flooding, the City should continue funding our storm water channel and storm drain maintenance program at an enhanced level that proactively addresses high flood risk locations in FY18 and beyond. The proposed FY18 budget cut funding for the Master Maintenance Program and services related to “Channel and Environmental Permitting Services.” These items should be fully funded to ensure the City stays on an aggressive path to keep storm drains and channels properly maintained. *Approximate cost: \$1.4 million.*
- **Chollas Creek Master Plan Restoration and Active Transportation Improvement Project:** Chollas Creek is a significant asset that traverses the City Heights, Eastern, Encanto, Southeastern San Diego, and Barrio Logan communities. Planning work has been completed as part of the 2015 Southeastern and Encanto Community Plans; Chollas Triangle Plan amendment; Southcrest Trails Park General Development Plan; and improvements from private development projects along the creek that implement the 2002 Chollas Creek Enhancement Plan. The total cost of the Master Plan is estimated to be \$1.0 million based on the costs of the San Diego River Park Master Plan/CEQA document. However, Park Planning staff reports that the Master Plan could be funded in phases over a three year time period. Chollas Creek as a Regional Park requires work to begin on the Master Plan. *Approximate cost of Phase I: \$500,000. Note: Funding could also come from the \$13.6 million lump sum paid to the City from the County of San Diego in FY17 for the annexation of property adjacent to Chollas Creek in Mt. Hope. If funds can’t be identified, we respectfully request that Planning Department staff seek grant funding for this project.*
- **Shade Tree Trimming (Transportation & Storm Water):** Tree trimming services were reduced in the Transportation & Storm Water department by \$881,746. This would significantly reduce the number of trees trimmed in FY18 from 25,000 to 12,000. This creates liability issues that would potentially burden the City in the future. Further, with the addition of a \$100,000 tree planting contract added in the May Revise, it is especially important to contribute funding to maintain our urban canopy. We request the restoration of the tree trimming budget, which includes adequate staffing to implement the Phase 1 actions of the Urban Forest Management Plan. *Approximate cost: \$880,000.*

- **Tree Trimming & Pool Maintenance (Park & Recreation):** The Park & Recreation Budget has a reduction to tree trimming and pool maintenance services in the amount of \$268,000. This reduction would decrease the frequency of trimming trees 70 feet or higher to an as-needed or emergency-only basis. This poses liability issues that would potentially burden the City in the future. We encourage the restoration of this line item to protect the City from risk, preserve neighborhood service levels, and maintain our urban canopy. *Approximate cost: \$250,000.*
- **Climate Action Plan Five-Year Implementation Plan:** Our Climate Action Plan is a landmark policy that requires effort and collaboration between multiple City departments to achieve greenhouse emissions reduction targets of 15% by 2020 and 50% by 2035. This is the most ambitious climate plan in California and a model for our region. We request that the Independent Budget Analyst prepare a five-year implementation plan with associated costs to ensure that the City is on track to achieving our goals.
- **Community Choice Energy (CCE) Program:** We request funding for the next phase of development of a Community Choice Energy program. This would include a study and accompanying business plan that will allow the City to explore and potentially implement a CCE in Phase II of the Climate Action Plan. Moving in the direction of providing CCE would benefit San Diegans by providing more clean energy. *Approximate cost: \$200,000.*
- **Upcoming Infrastructure/Commercial Paper/DC4 Bond:** The projects listed in *Addendum A* are our high priority community needs for the FY18 budget. Consideration should be provided to those projects eligible for upcoming funding opportunities. In addition to the short-term funding strategies being contemplated, the Mayor and City Council must work to identify a comprehensive infrastructure investment plan. Without a sustainable new revenue source to address our infrastructure needs, San Diego's streets, sidewalks, and public buildings will continue to deteriorate.
- **Use of Regional Water Quality Control Board (RWQCB) Penalty for Tijuana River Valley Restoration Projects:** \$1.6 million has been allocated for four restoration projects. \$682,932 has been allocated to develop systems to identify and prioritize impaired waterways for cleanup and maintenance. A portion of this funding should be used for planning purposes that address sewage contamination and flooding in the Tijuana River Valley. *Approximate cost: \$500,000.*

OPERATIONAL NEEDS

- **Earned Sick Leave and Minimum Wage Ordinance:** City administration and enforcement of the minimum wage and earned sick leave ordinance is critical to the stability of the city's workforce and overall economy. Additionally, in a May 3, 2017 letter from California Labor Commissioner Julie Su, it is noted that in order for a Partnership Agreement to be formed for State enforcement, the City must first assign staff to the

enforcement of the minimum wage ordinance. San Diego has a mandate to take the lead in addressing it. As such, it is critical that appropriate staffing be filled immediately and additional resources be identified to ensure pro-active enforcement and compliance with the law.

- **Vacant City Attorney positions:** 5.0 FTE in the City Attorney's Office are proposed to be eliminated. These positions should be kept vacant and not eliminated to ensure adequate staffing in the City Attorney's Office in future years. Citywide Program Expenditures, which incurs the cost of outside counsel, could be utilized to offset the cost of restoring the positions.

SUGGESTED REVENUE SOURCES

While we acknowledge the City's budgetary constraints, we offer the following revenue sources to continue progress and prevent any reductions to public safety and critical neighborhood services:

- **Excess Equity:** *Available resource: \$4 million.*
- **Proposition H/Infrastructure Fund and New State Gas Tax Revenue (SB 1):** Last year, San Diego voters approved Proposition H, a ballot measure that requires the dedication of General Fund revenue growth to an Infrastructure Fund. Additionally, Proposition H included a provision that allows a one-year suspension of the requirement to allocate General Fund revenue growth to the Infrastructure Fund upon a two-thirds vote of the City Council. Since funding for non-infrastructure critical expenditures is needed, the Mayor should consider requesting City Council suspend the measure, which would allow the revenue to flow to the General Fund for other City uses. Additionally, 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 \$9.6 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. *Available resource: \$9.6 million.*
- **Implementation of City Reserve Policy:** The proposed budget includes a contribution to General Fund Reserves to hit the FY19 Reserve Policy Target of 15.25%. This pre-funding is proposed despite the City facing across-the-board cuts to every city department, including police support, arts and culture funding, code enforcement and other critical community programs. The City should not pre-fund reserves and adhere to the FY18 target as outlined the City Reserve Policy. *Available resource: \$ 10.3 million.*
- **Sale of Certain Former Redevelopment Agency Properties in Accordance with the Approved Amended and Restated Long-Range Property Management Plan:** On May 16, 2017, the City Council authorized the sale of six properties. The redevelopment dissolution laws mandate that net proceeds from the sale of these assets be transmitted to the County

Auditor for distribution to the Affected Taxing Entities in proportion to their share of general property tax revenues. Ultimately, the City of San Diego will receive an amount equal to approximately 17% of net proceeds, which would be revenue to the General Fund. *Available resource: \$1.5 million.*

- **Contracts:** The City utilizes outside contractors for a variety of services. Proposed contract expenditures in FY18 total \$240.2 million (General Fund). The City should utilize the appropriate termination clause language within each contract to renegotiate the cost of each contract. A 10% overall reduction in contracts for outside services would provide the City with \$24 million for more immediate General Fund purposes. *Available resource: \$24.0 million.*
- **Proposed TOT Tax Increase at a November 2017 Special Election:** The City Council will decide in the upcoming weeks whether or not the City should call a special election for the Mayor's TOT proposal. Should the proposal not be supported, \$5.0 million would be available for other critical needs. *Available resource: \$5.0 million.*
- **Cannabis Tax Revenue:** On November 8, 2016, the voters of San Diego approved Measure N, which established a Cannabis Business Tax (CBT) on non-medical cannabis (marijuana) businesses in the City of San Diego to raise revenue for general governmental purposes of the City, contingent upon the passage of Proposition 64, the Adult Use of Marijuana Act, which was also approved by voters on the November 2016 ballot. The fiscal impact statement prepared for Measure N estimated potential future CBT revenue of \$22 to \$35 million annually. The City Council must consider land use and business regulations expeditiously so that the industry develops responsibly and potential revenue is captured. *Available resource: per the IBA, \$2.4 - \$4.8 million.*
- **Potential Revenue from Short-Term Vacation Rentals:** The City Council must take immediate action and adopt sound policy regarding short-term vacation rentals. In doing so, the city will be better suited to track business activity and will create opportunities to generate revenue in the form of permit fees and Transient Occupancy Tax that can support code enforcement to ensure compliance of applicable laws. *Available resource: The City has an opportunity to develop a cost-recoverable STVR Code Enforcement Program.*
- **May Revision: Littering and Graffiti Abatement Pilot Program and City Treasurer Information Technology Customer Projects:** The Mayor's May Revision included two new programs without Council knowledge or public vetting. Until further information is provided regarding the necessity of these programs, we request that funding not be included in the budget. *Available resource: \$1.0 million.*

Thank you for your consideration of these priorities. This memo reflects our top priorities and will serve as the basis for our support of the budget.

ADDENDUM A

- **Aldine Dr. Road Improvements (Council District 9):** We request a storm water study to be done on Aldine Dr. to address the various traffic and storm water issues that impact the area. Poor sightlines, eroding hillsides, and occasional mudslides severely impact this road, which services nearly 22,000 trips per day. In addition to repairing and maintain the current storm drains at the area, we are requesting an initial pre design study for road improvements at the location in order to begin to implement Facilities Financing Project T-1. Based on recommendation from city staff, road improvements are needed to fully address the issue of flooding at the area during rains. The full cost to implement Project T-1: \$6,000,000. *Approximate cost: \$250,000 to conduct the storm water study and begin evaluating the project. If funding cannot be identified for this study, we respectfully request that staff apply for the FEMA Hazard Mitigation Grant program for associated costs.*
- **Baybridge Community Center Roof (Council District 8):** The Baybridge Community Center is a single story 9,890 gross square foot building located adjacent to Chicano Park. The facility was originally built in 1971 and is part of the Parks and Recreation Department. The building is in very poor condition with many pressing needs to be move-in ready for the next tenant. The current roof needs replacement and is identified as a critical need in the City's facilities assessment report. *Approximate cost: \$483,000.*
- **Clay Avenue Park (Council District 8):** This park project is part of the Southeast Mini-Parks CIP L16000. Design and construction should be accelerated. It includes play structure for ages 5-12, installation of tables and BBQ grills and ADA improvements. *Approximate cost: \$1 million.*
- **Complete Boulevard Study Phase II (Council District 9):** Construct new medians, sidewalk improvements, curb extensions, and safe crossings at the intersections of El Cajon Boulevard and Menlo Avenue, and El Cajon Boulevard and Euclid Avenue as outlined in the Complete Boulevard Study. This includes pedestrian improvements in the vicinity of Hoover High School such as enhanced paved crosswalks, new pedestrian signals, and new sidewalk. A full cost estimate is not available at this time. *Approximate cost: \$250,000 to establish CIP and begin design and construction drawings. If funding cannot be identified for this project, we respectfully request that staff apply for a grant from SANDAG's Active Transportation Program.*
- **Downtown Mobility Plan and Vision Zero Implementation (Council District 3):** The City has been working on preliminary design drawings and is developing a specific implementation plan for this project. The proposed budget does include \$2.5 million to complete this work and additional funds are available once decisions have been made about implementation strategies. We request timely execution of the design and full implementation within the three year target period. The Downtown Mobility Plan and cycle track are crucial elements to meeting the Climate Action Plan's 2020 target of 6% bicycle commuter mode share. Critical to meeting this target is the funding for both the

completion of the City's priority bike lanes on University Avenue and El Cajon Boulevard and counters to collect data on mode share activity. As the City strives for Vision Zero, a safe crossing should be constructed at the intersection of Kansas Street and El Cajon Boulevard at \$357,105. *Approximate cost: \$357,105 (additional).*

- **Egger Highlands Missing Sidewalk (Council District 8):** Installation of a missing sidewalk on the west side of Saturn Boulevard between Palm Avenue and Boundary Street. This sidewalk is located next to the mobile home park across the street of the shopping center. The scope of project would include the design and construction of the sidewalk. Design will cost approximately \$100,000 with the entire project costing approximately \$350,000.
- **Island Avenue Park (Council District 8):** This park project is part of the Southeast Mini-Parks CIP L16000. Design and construction should be accelerated and completed, including ADA improvements, playground and amenities. *Approximate cost: \$1.5 million.*
- **J Street Park (Council District 8):** This park project is part of the Southeast Mini-Parks CIP L16000. Design and construction should be accelerated and completed. ADA improvements and playground upgrade. *Approximate cost: \$1 million.*
- **Lighting (Council Districts 8 & 9):** Our communities are seriously deficient in sufficient street and parks lighting. It is imperative that we provide and repair lighting in our neighborhoods and public facilities. The following are priorities to provide and repair lighting:
 - Lighting in Gamma Mini-Park in Southcrest. If traditional lighting is not an option, consider installing solar lighting. *Approximate cost: \$250,000.*
 - Dahlia Street between Saturn Boulevard and 18th Street qualifies for three additional street lights. Their proposed locations are as followed: Dahlia Avenue west of Saturn Blvd 305' south side, Dahlia Avenue west of Saturn Blvd 105' south side, and Dahlia Avenue east of 18th Street 160' south side. *Approximate cost: \$7,500.*
- **Pedestrian/Safe Routes to School Improvement Projects (Council District 8)**
 - **Picador Boulevard and Majestic Drive Crosswalk/Rectangular Rapid Flash Beacon (RRFB):** There is a crosswalk at the intersection of Picador Boulevard and Majestic Drive, located in front of Montgomery Middle School. This crosswalk is heavily used by students and families walking to and from Montgomery Middle School. The crosswalk was recently upgraded. Among the improvements made were: converting the crosswalk to a new yellow continental crosswalk and the installation of new "slow school xing" pavement markings for northbound traffic. Furthermore, this location has qualified for the installation of Rectangular Rapid Flashing Beacon lights (RRFBs). Funding should be provided to install these much needed RRFBs. *Approximate cost: \$10,000.*

- **Richmond Street Sidewalk between Pennsylvania and Myrtle Avenues (Council District 3):** We request that funding be identified for the design of streetscape improvements and a sidewalk installation to enhance pedestrian safety in the Hillcrest/Marston Hills neighborhood. *Approximate cost: \$100,000.*

- **Tubman Joint Use Park (Council District 9):** A General Development Plan has been completed for the 1.72-acre Tubman Joint-Use Park located at 6880 Mohawk Street in the College Area Community. In order to create additional parkland in this park deficient community, a total cost of \$2.7 million is estimated to complete the project. A developer contribution of \$1,430,000 is anticipated for FY18 which will assist in funding the park. There was also a \$150,000 addition in the May Revise via Development Impact Fees. However, there is a \$250,000 funding deficit according to CIP S-13000. *Approximate cost: \$250,000.*

- **Ward Canyon Park (Council District 3):** A General Development Plan was completed for Ward Canyon Park in January 2013. The Public Works Department estimated that the project needs \$7.5 million to complete the park as designed. It was also noted that the project could may be phased, requiring \$3.9 million for the first phase. We request that the Park and Recreation Department in conjunction with the Planning Department explore grant opportunities and seek the necessary funding to complete the project. *Approximate cost: \$3,500,000.*



**CITY OF SAN DIEGO
OFFICE OF COUNCIL PRESIDENT MYRTLE COLE
FOURTH COUNCIL DISTRICT**

MEMORANDUM

DATE: May 22, 2017
TO: Andrea Tevlin, Independent Budget Analyst
FROM: Council President Myrtle Cole *Myrtle Cole*
SUBJECT: FY 2018 Budget Priorities

I am thrilled to hear that many of our priorities have been funded in the Mayor's Budget Revision. However, I believe that we can still have a balanced FY 2018 budget, maintain current level of City services and strive for additional resources to fulfill essential operations and provide optimal customer service. My priorities continue to focus on building a San Diego of which we can all be proud. Below is a list of Council District 4 priorities that I would like to see included in Fiscal Year 2018.

Public Safety:

Police Recruitment and Retention. In order to address the understaffing in both sworn and non-sworn positions, it is critical that the City continue to implement the Police Department's Five-Year plan and allocate funds for to meet minimum police staffing levels.

Identify and allocate appropriate funding to implement AB 953 (Racial and Identity Profiling Act of 2015). At the 11/30 PSLN meeting I requested the Mayor and San Diego Police Department identify what systems are needed to collect the information that AB 953 will require, including whether existing systems will suffice or additional ones are needed and that the Department identify what the potential costs of any newly required systems are so that we can include funding in the FY 2018 budget.

Support and fund the computer-aided dispatch (CAD) replacement project. The CAD-related costs include debt service, system maintenance, and training. These expenditures will be essential to the operation of the new CAD system which is expected to be fully deployed by October 2017.

Support and Fund the Neighborhood Code Compliance Division of the Development Services Department to administer programs designed to protect the public's health, safety, welfare, and property value through enforcement.

Identify and allocate appropriate funding for Homeless Outreach Teams and Quality of Life Teams expansion to address homeless populations in communities throughout San Diego.

Identify and allocate appropriate funding for additional Psychiatric Emergency Response Team staff to address expanding homeless populations in communities throughout San Diego.

Identify funding for Resource Access Program (RAP). The RAP program is an important component in addressing the needs of our homeless. RAP, a paramedic based surveillance and case management system, manages frequent users of the 911/EMS system. RAP paramedics connect homeless individuals with resources for their underlying medical, mental health, and social needs. The RAP program has many benefits including reducing calls to the 911/EMS system, thus freeing up time for serious emergencies and reducing the costs.

Identify and allocate funding for:

- **Vessel Replacement Plan**
- **Lifeguard Lieutenant**
- **Fleet Technician**
- **Park and Recreation Ground Maintenance Workers**

Climate Action Plan:

Implement the Downtown Mobility Plan and the highest priority bike lanes, identified by the Bicycle Advisory Committee.

Funding for shade tree pruning, which is essential to maintaining the health of our existing tree canopy; allocation of funds to expand the canopy; and an increase in staffing capacity to implement the Phase 1 actions outlined in the Five-Year Urban Forest Management Plan.

Infrastructure:

Identify and allocate funding for completion of the Streamview Drive

Improvements. Including traffic calming measures, installation of roundabouts, medians, angled parking, resurfacing of streets and construction of new sidewalks.

Identify and allocate funding for the Martin Luther King, Jr. Recreation Center Facility Improvements.

Identify and allocate funding for a Permanent Skyline Hills Fire Station (FS 51). Identify funding to construct a permanent facility for the health and safety of our fire-rescue personnel.

Identify and allocate funding to continue work on the Rolando Park Joint-Use Field project and complete design.

Funding for the reconfiguration and enhancement of Marie Widman Memorial Park. The park enhancements are needed to improve public safety. Enhancements to park amenities can increase park usage and activity thereby deterring crime.

Fund improvements at 15 deadliest intersections. To ensure basic, low-cost pedestrian safety infrastructure improvements such as high visibility crosswalks, audible signals, and countdown signals.

Identify funding for additional sidewalks and street lights in District 4 including, Paradise Hills, Community-Wide Pedestrian Improvements for North Encanto, and Northside of Market Street.

Economic Development and Neighborhood Services:

Identify and allocate funding to streamline the permitting process to build affordable housing.

Identify and allocate additional funding for the Penny for the Arts Blueprint.

Identify and allocate funding for a Small Business Bonding Assistance Program. The Small Business Bonding Assistance Program can serve as a supplement to the City's existing SLBE/ELBE program, and as an alternative to addressing the bonding needs of small construction firms.

Revenue Opportunities:

In an effort to address funding for our FY 2018 budget priorities, following are some possible actions:

Excess Equity: There is an estimated \$4.0 million available for a one time use.

Infrastructure Fund: There is an estimated \$17 million allocation for FY 2018.

Reserves in Excess of Policy Targets: There are some alternatives to reducing reserve funds which may be available to fund various priorities.

Chargers' Relocation Fee. Include the use of the \$12.5 million Charger relocation fee to supplement funding for various priorities.

Capital Outlay Fund: One time use of \$2.0 million dollars for capital improvements.

General Fund Redevelopment Property Tax Trust Fund: One time use of \$1.5- \$1.7 million dollars.

We look forward to the collaborative work ahead and thank you for your consideration of our budget priorities.



COUNCIL PRESIDENT PRO TEM MARK KERSEY

DATE: May 22, 2017

TO: Andrea Tevlin, Independent Budget Analyst

FROM: Council President Pro Tem Mark Kersey

RE: Final Fiscal Year 2018 Budget Priorities

This is in response to Budget & Government Efficiency Committee Chair Barbara Bry's May 1, 2017 memorandum requesting final Councilmember priorities for the Fiscal Year 2018 Budget. I am pleased that the FY18 Proposed Budget sustains infrastructure investment and core neighborhood services, despite the deficit created by a significant increase in the City's annual pension payment. My final requested budget modifications are:

- **Enhance Customer Service.** Allocate at least \$500,000 in one-time funding from excess equity to continue progress on the Get It Done project. Specifically, funding should be used to expand functionality and integration with ESD and other departments that currently have service request options on the web and in the mobile app.
- **Improve Public Safety.** Continue discussions with the Police Department to address our police force's recruitment and retention challenges and fund solutions accordingly.



**COUNCILMEMBER CHRIS CATE
CITY OF SAN DIEGO
SIXTH DISTRICT**

M E M O R A N D U M

DATE: May 22, 2017

TO: Andrea Tevlin, Independent Budget Analyst

FROM: Councilmember Chris Cate

SUBJECT: Recommended Fiscal Year 2018 Budget Revisions

We must realize the serious state of the City's financial situation. As we know, the General Fund portion of the City's annual pension payment increased by \$45.2 million over last year. After allocating dollars to support Fiscal Year (FY)18 critical expenditure needs, such as San Diego Police Department (SDPD) staffing, public safety equipment, and neighborhood services, an \$81 million deficit was realized. Through the use of one-time dollars, fully applying the newly created Pension Stabilization Reserve, decreasing Penny for the Arts funding, and reducing departmental expenditures by \$22.3 million, the FY18 deficit was eliminated. Though the sacrifices made to produce this balanced budget are noteworthy, next fiscal year is projected to produce additional challenges and financial constraints we will need to address.

Utilizing projections from the most recent Five Year Financial Outlook and current revenues and expenditures outlined in the FY18 Proposed Budget, the City can expect a deficit in FY19. The City's pension payment is expected to grow by another \$4.6 million, bringing next year's pension payment to \$241.0 million. Based on growth rates included in the Five Year Financial Outlook, General Fund revenues are expected to grow by \$9.5 million, while expenditures are anticipated to grow by \$20.7 million. Assuming the Council does fully pre-fund the FY19 reserve contribution in FY18, as proposed within the May Revise, the City can expect a modest deficit prior to including any other additional FY19 critical expenditures. The following table uses the same format of that outlined in the Five Year Financial Outlook:

	FY18 Budget	FY19 Projection
General Fund Revenues		
Property Tax	\$532.9	\$554.2
Sales Tax	\$275.3	\$280.3
TOT	\$121.1	\$127.6
Franchise Fees	\$75.1	\$76.6
Property Transfer Tax	\$10.1	\$10.4
Licenses & Permits	\$21.7	\$22.1
Fines	\$31.9	\$32.1
Revenue from Money & Property	\$58.4	\$60.3
Revenue from Other Federal Agencies	\$4.5	\$4.5
Charges for Services	\$152.8	\$156.3
Other Revenue	\$4.9	\$2.3
Transfers In	\$112.4	\$83.6
Total	\$1,401.1	\$1,410.2
General Fund Expenditures		
Salaries & Wages	\$547.2	\$547.2
Employee Agreements	-	\$15.9
ADC	\$236.4	\$241.0
Flexible Benefits	\$96.5	\$96.5
OPEB	\$40.9	\$41.9
Workers' Comp.	\$22.4	\$23.1
SPSP	\$18.4	\$18.4
Other Fringe	\$23.6	\$25.6
Personnel Expenditures	\$985.4	\$1,009.6
Infrastructure Fund	\$18.1	\$14.7
Supplies	\$30.3	\$31.4
Contracts	\$240.2	\$231.8
IT	\$31.8	\$28.2
Energy & Utilities	\$43.0	\$44.3
Reserve Contributions	\$10.2	\$0.0
Other Expenditures	\$50.7	\$50.7
Non-Personnel Expenditures	\$424.2	\$401.1
Total Expenditures	\$1,409.6	\$1,410.7
Surplus/(Deficit)	\$(8.5)	\$(0.4)
<i>*General Fund revenues & expenditures are based on FY18 May Revise</i>		
<i>**FY19 projections based on growth projections included in FY18-22 Five Year Financial Outlook</i>		

As noted, this projection does not include the FY19 Five Year Critical Strategic Expenditures for items such as new SDPD and Fire-Rescue positions and equipment, software maintenance, and

technology upgrades, that were included in the previous Five Year Financial Outlook. In total, these critical expenditures account for an additional \$22 million in expenditures in FY19.

FY19 5-Year Critical Strategic Expenditures	
Fire-Rescue	\$3.3
Fleet Operations	\$3.1
Information Technology	\$1.4
Infrastructure Asset Management	\$1.6
Library	\$1.5
Park & Recreation	\$3.3
Real Estate Assets	\$1.8
Police Sworn Positions and Equipment	\$2.2
Police Civilian Positions and Equipment	\$0.7
Police CAD System	\$1.1
Central Library Operations	\$2.0
Total	\$22.0

Furthermore, the 5-year pensionable pay freeze will sunset in FY19. The current labor contract with the Police Officers Association (POA) anticipates a 3.3 percent salary increase for FY19, or \$8.2 million, which is currently included in the projected expenses for FY19. The City and POA have the ability to renegotiate the current contract beginning in calendar year 2018, so a larger amount dedicated to salary increases for FY19 is possible. Each percentage increase in salaries for POA results in approximately \$2 million in expenditure increases. If the will of the Mayor and Council is to increase salaries above the 3.3 percent expected in FY19, it would be prudent to begin planning for the expenditure today. Our projection for FY19 includes an additional \$10 million for this purpose.

Other FY19 Priorities	
Potential POA Additional Salary Increase	\$10.0
Total	\$10.0

Upon taking modest revenue growth and the aforementioned expenditures into consideration, we project the City to have an approximately \$32.4 million budget deficit in FY19. This projection is limited in scope and does not include any additional ongoing expenditures that may be included in the FY18 adopted budget, nor does it include any other initiatives or critical strategic expenditures that may be necessary to be fulfilled during the FY19 budget deliberations.

FY19 Totals	
Total Revenues	\$1,410.2
Total Expenditures	\$1,410.7
5-Year Critical Strategic Expenditures	\$22.0
Other FY2019 Priorities	\$10.0
Surplus/Deficit	(\$32.4)

We must respond to these financial challenges by exercising strong fiscal discipline and maximizing one-time revenue sources for critical needs that ensure the public's safety and delivery of quality neighborhood services.

In response to the public hearings regarding the proposed budget and Mayor's May Revise, I recommend the following allocation for the remaining \$4.0 million of excess equity:

San Diego Police Department Overtime (~\$4,000,000)

Last fiscal year, the City Council approved \$4.0 million in non-pensionable compensation to San Diego police officers. This additional compensation granted officers more take-home pay through uniform and equipment allowances. However, given the one-time nature of this funding, the City Council must now put forward additional stop-gap measures until a more permanent solution to SDPD's recruitment and retention problem is presented. I recommend utilizing the entirety of the remaining excess equity balance for police overtime to ensure the Department is able to provide minimum patrol staffing levels. The safety of San Diego residents should be the City's top priority and appropriately reflected within this budget.

I further recommend the following one-time budget adjustments:

One-Time Penny for the Arts Funding Adjustment (\$1,744,682)

The FY18 Proposed Budget recommended cutting funding for the Penny for the Arts by \$4.7 million. This decrease lowers funding for the program from 7 percent of Transient Occupancy Tax (TOT) revenue to 4.5 percent. Given the significance of our local arts community and the important role it plays in crafting the minds of San Diego's next generation of leaders, I propose utilizing the entirety of the Mayor and City Council discretionary TOT allocation, in addition to redirecting the Community Projects Programs and Services (CPPS) budget for City Council offices toward Penny for the Arts. Though the Mayor has proposed approximately \$2.4 million in additional one-time funding for Penny for the Arts, we must prioritize the much-needed expenditures that are crucial to protecting public safety and core neighborhood services. My recommendations for the reallocation of this funding are outlined in the below narrative.

Critical One-Time Allocations Utilizing May Revise Arts Funding (\$2,371,942)

Marketing Campaign for San Diego Police Department Recruitment (\$350,000)

Earlier this month, I issued a memorandum outlining the great needs of our Police Department and provided the recommendation to secure a private sector, professional marketing firm to develop a comprehensive marketing and recruitment plan with the goal of increasing the number of applicants and recruits. I applaud the Mayor for including \$150,000 within the May Revise to support a contract with a professional firm. It is important to note that in order for this effort to be successful, the full funding of \$500,000, as outlined in my memorandum, should be allocated. With a 36 percent decrease in police job applications and 217 sworn officer vacant positions, the City cannot afford half measures to address this crisis.

Peace Officer Standards and Training Funding (\$237,942)

The State of California FY2017-18 Proposed Budget outlined over \$13 million in reductions to Peace Officer Standards and Training (POST) reimbursements to local governments, as well as funding for police officer training relating to implicit bias and procedural justice. The local impact to the City of San Diego is estimated to be a reduction of over \$200,000 in annual reimbursements. This funding cut negatively impacts the Department's police training capabilities. I recommend one-time dollars be allocated until a more permanent solution can be presented.

Partial Replenishment of the Pension Stabilization Reserve (\$1,700,000)

The FY18 Proposed Budget was partially balanced by the complete drawdown of \$16.0 million from the newly created Pension Stabilization Reserve. These dollars helped offset the \$45.2 million increase in the City's General Fund contribution to the ADC. As mentioned earlier in this memorandum, the City's FY19 pension payment is expected to grow by another \$4.6 million, bringing next year's pension payment to \$241.0 million. Per the City's reserve policy, a replenishment plan must be presented within one year of the drawdown. Prefunding this Reserve in anticipation of additional increases is prudent and necessary in order to protect funding for critical General Fund neighborhood services.

Support for Expansion of Summer Night Lights Program (\$84,000)

The Commission on Gang Prevention and Intervention has successfully worked with the City, community members, and stakeholders to launch the "Friday Night Teen Program." This Program proactively engages at-risk youth by providing mentorship services and community engagement activities during expanded hours at ten various Park and Recreation facilities. The Commission wishes to expand this program through the new, seasonal "Summer Night Lights Program", which involves similar mentorship services during summer months at two additional Park and Recreation facilities, Skyline Park & Mira Mesa Community Park. These dollars will be utilized to offset staffing costs for the Park and Recreation and San Diego Police Department.

Revenue from Former Redevelopment Agency Property for SDPD Facilities (\$1,700,000)

On May 16, 2017, the City Council authorized the sale of several former Redevelopment Agency properties. After accounting for closing costs and administrative fees, approximately \$1.7 million will be deposited into the City's General Fund. These one-time dollars should be utilized to address critical SDPD needs, such as the Backup Dispatch Center identified in the Department's Five-Year Plan. This facility is currently utilized for the training of all public safety dispatchers on the new Computer Aided Dispatch system. It is also the designated relocation point for temporary radio operations in the event of an emergency should the evacuation of headquarters be necessitated. It is imperative that this facility receive the investment necessary to build out a fully operational and functional emergency dispatch center in order to continue providing critical public safety services and information in the event of an emergency.

CC:ic



City of San Diego

MEMORANDUM

DATE: May 22, 2017

TO: Andrea Tevlin, Independent Budget Analyst

FROM: Councilmember Scott Sherman, Council District Seven

RE: Recommended Fiscal Year 2018 Budget Revisions

This memorandum is in response to Budget and Government Efficiency Committee Chair Barbara Bry's May 18, 2017 request for Councilmember budget priorities and adjustments to the Fiscal Year 2018 Budget.

I applaud Mayor Kevin Faulconer for proposing a budget that prioritizes public safety, maintaining service levels for neighborhoods services, and addressing our infrastructure backlog. I support approval of the allocations proposed by the Mayor in the May Revise and Year-End Monitoring Report as recommended.

For the allocation of the \$4 million in excess equity I feel it is incredibly unwise to not put this money aside and save for next year's budget obligations. Financial Management has advised the Council in the Five Year Outlook and throughout this year's Budget Review hearings on the negative impacts of continued growing expenditures and the City's growing pension obligations will have on future budgets. I request we put all excess equity into the Pension Stabilization Fund to help mitigate our pension payment in FY19. I look forward to the Mayor and Financial Management returning to Council with a plan to restore this fund.

cc: Honorable Mayor Kevin Faulconer