

SDCTA City of San Diego Budget Reform Principles

1. Proper Calculation of “Structural” Budget Deficit

- The budget plan should identify the total deferred maintenance backlog
- A required amount should be identified annually to prevent an increase in the deferred maintenance backlog, and address all regular routine maintenance needs
- The City should establish a reserve fund with a “maintenance of effort” clause to ensure increased expenditures should there be a budget surplus
- The budget plan should include the full cost of providing retiree health care benefits

2. Implementation of a General Fund Spending Cap

- All annual revenues above a defined rate of growth, as defined by the previous year’s Consumer Price Index, should be designated to the following:
 - Reducing deferred maintenance backlog
 - Contribute to the following based on highest return of invested dollar
 - Reducing unfunded pension liability
 - Reducing retiree healthcare unfunded liability
 - Increasing reserves
 - Reducing outstanding debt

3. Reform of Retiree Health Care Liability

- The City should implement reforms to reduce the current retiree health care unfunded liability
- The City should pay the entire retiree health care Annual Required Contribution (ARC)

4. Employee Compensation Reform

- Total net compensation of non-public safety employees should not exceed that of similar job classifications within the local private sector
- City labor and hiring practices should include provisions that assist in the acquisition and retention of the most qualified employees; likewise, policies and practices should ensure that performance is reviewed on a regular basis to ensure that poorly performing employees are dismissed or demoted
- The City should ensure specialty pays are only for special qualifications and skills, not job skills or certifications required for employment
- The City shall eliminate the ‘terminal leave’ benefit
- City employees should receive reimbursement and not allowances
- The City should reduce leave time benefit for employees and reduce the leave time accrual cap

5. Reform of City Operations

- The City should expand and create public private partnerships that enhance service and/or reduce costs to taxpayers
- The City should streamline operations and permitting processes to create efficiencies
- The City's adopted budget should include consolidation of similar service functions
- The City shall implement Managed Competition and/or Direct Outsourcing
- The City should develop volunteer programs to augment and mitigate service level reductions, modeling the police department's Retired Senior Volunteer Patrol (RSVP) program or other effective, well-established programs in other communities
- The City should begin a bi-annual review process of all City leases to ensure lease renewals are contracted at fair market value
- The City should limit the transfer of debt to the Redevelopment Agency and related entities so as not to negatively impact the completion of adopted community plans and affordable housing

6. Adoption of a Transparent Budget Proposal to Enable Informed Public Debate

- The City's annual budget should identify the City's core services.
- The executive summary of the proposed and adopted budget should include a statement of core services and be published in local media and posted at public spaces (e.g. City Hall, libraries, recreation centers) in addition to posting on the City's website and social media (Facebook, Twitter, etc.)
- The City's adopted budget should contain a sensitivity analysis of revenue projections for each major revenue source
- Where appropriate, the City should adopt an Activity Based Costing method that demonstrates the inputs, outcomes, and unit cost of each service provided
- The City should continue to hold budget deliberation meetings throughout the City, including hearings and other methods that provide a review of the adopted budget