



THE CITY OF SAN DIEGO

M E M O R A N D U M

DATE: May 26, 2021

TO: Andrea Tevlin, Independent Budget Analyst

FROM: Joe LaCava, Councilmember, District 1

SUBJECT: Final Fiscal Year 2022 Budget Priorities Memorandum

In January this year, amidst the COVID-19 pandemic and an uncertain economic future, I prescribed six critical spending areas in my initial Fiscal Year 2022 (FY22) Budget Priorities Memorandum:

- Increased Assistance to Small Businesses and Renters
- Protection of Core Services
- Funding of a Public Power Feasibility Study and Business Plan
- Protection of Current Funding Levels for City Staff and Programs
- Implementation of Measure B to Establish the City's Commission on Police Practices
- Re-Examination of City Operations and Culture

I stated that “we must lead with our values, ensuring a budget that prioritizes equity, high value services, and human capital.” This final FY22 Budget Priorities Memorandum adheres to the same prescription. Please find my priorities and potential funding sources on page four of this memorandum.

Increased Assistance to Small Businesses and Renters

The Mayor's FY22 Proposed Budget includes \$10 million in grants and loans for nonprofits and small businesses in hard-hit industries and owned by people of color. Over \$92 million was made available to renters and landlords through Federal, State, and local funding allocations. I applaud the Mayor's small business proposal and am grateful to our partners in Sacramento and Washington, DC for hearing the call of all those impacted by COVID-19.

Additional assistance to renters and landlords is needed to offer education and legal support beyond the Housing Stability Assistance Program. This assistance should be carved out of the \$21 million that the City expects to receive for the Homelessness Assistance and Supportive Services Program. I call on the City to specifically provide funding to Community Based Organizations to support their grassroots, community work already established.

Protection of Core Services

The City received just under \$300 million from the American Rescue Plan Act. These funds averted the unprecedented cessation of programs, projects, and services facing the City as a result of the prior year's structural deficit and COVID-19 related loss of revenues.

However, additional protections are needed to maintain core services including additional funding for tree trimming, sidewalk repair, weed abatement, parks and recreation, and graffiti abatement to name a few.

Funding of a Public Power Feasibility Study and Business Plan

The City Council approved the Mayor's proposed gas and electric franchise agreements on May 25th. The Mayor successfully negotiated an accelerated payment of the SDG&E bid beyond what was budgeted in the May Revise. This resulted in \$1.2 million in additional revenue in each of the next five fiscal years. The agreements also provide several conditions where the agreements could be terminated (aka off-ramps.) One off-ramp, for example, is the ability for City Council to terminate the agreements by a two-thirds vote at the ten-year mark.

Yet, given current circumstances, these provisions are off-ramps to nowhere. The City must develop viable alternatives if termination of the franchise is warranted. With the apparent lack of interest by private entities to take over the franchises, the most viable path at this time is municipalization. The first phase feasibility study has already been completed (Electric and Gas Franchise Agreements Consultant Report, April 2020.) The next phases will determine the general condition of the facilities to be acquired, the costs of acquiring these facilities, and the process of separation from the remaining parts of SDG&E's system. This comprehensive analysis should include legal requirements and timelines. It must also evaluate city-owned versus a new municipal entity, start-up/transition costs, and funding mechanisms.

Council discussed the importance of pre-funding a "Pro Rata Partial Refund, or Energy Independence Plan, to ensure that if the City terminates the franchise, it has adequate reserves to cover the required refunds. Due to the late introduction of this matter, only seed money is proposed at this time.

Protection of Current Funding Levels for City Staff and Programs

Protect and Restore Funding for Penny for the Arts

I support the Commission for Arts and Culture efforts to ensure that access, equity, and diversity remain a priority for all neighborhoods. I seek to restore funding at the same level (5%) as was allocated in the FY21 budget.

Implementation of Measure B to Establish the City's Commission on Police Practices

The Mayor's Proposed FY22 Budget allocates \$1.1 million for 6.33 Full Time Employees (FTEs), and the Mayor's May Revision to the Proposed Budget adds .67 FTE positions and almost \$200,000 in expenditures associated with creating the Office of the Commission on Police Practices. I fully support this funding.

Re-Examine City Operations and Culture

Compliance Department & Office of Labor Standards

I support the Mayor's creation of a new Compliance Department to include the Office of Labor Standards.

Reassign Homeless Outreach Team to Homelessness Strategies and Solutions Department

I also support the addition of staff and resources to strategically bolster the Homelessness Strategies and Solutions Department. As part of these changes, I further call for the reassignment of the Homeless Outreach Teams (HOT) from the San Diego Police Department to Homelessness Strategies. This reassignment will allow sworn police officers to perform work they were trained and hired to do and cease spreading staff thin in areas that could be better managed by civilian employees.

Transferring the funding and oversight of the Homeless Outreach Team to the Homelessness Strategies and Solutions Department aligns strategy and service delivery in a centralized location. This effort by the city will complement the County's addition of a Mobile Crisis Response Team (see below.)

Partner with County of San Diego to Create and Fund Mobile Crisis Response Teams (MCRTs)

Our San Diego community has repeatedly called for an end to police responses for mental health crises. I remain steadfast in my desire to see this change implemented. The County Board of Supervisors created a pilot MCRT program in June 2019 and have since added funding to expand this program Countywide with a MCRT expected in the San Diego area by July 2021. The MCRT will provide a non-law enforcement response for people experiencing a behavioral health crisis. This will provide person-centered social services for individuals and families in crisis as well as divert calls from police, freeing our officers to engage in community policing, increase neighborhood patrols, and reduce overtime. I support the Mayor in his collaboration with County leaders to ensure San Diego has access to this program as it rolls out in FY22.

Create and Fund Office of Child and Youth Success

I continue my call to create and fund an Office of Child and Youth Success. This office will complement the Mayor's over \$1 million in program support for youth programs by coordinating efforts across City departments, with regional partners, and provide for long-term strategic planning, coordination, and community participation.

| GENERAL FUND | | | | |
|---|------|------------------|-----------------|--|
| Project/Program Description | FTEs | Requested Amount | Resource Amount | Funding Resource |
| Sustainability Department Public Power Feasibility Study and Business Plan | | \$500,000 | \$500,000 | New Revenue Per 5/25 Franchise Agreement \$1.2M above \$8.8M |
| Sustainability Department Energy Independence Plan | | \$700,000 | \$700,000 | New Revenue Per 5/25 Franchise Agreement \$1.2M above \$8.8M |
| HOT Team Transfer to Homeless Strategies and Solutions Department | | \$3,551,189 | \$3,551,189 | Cost Neutral |
| Transportation and Stormwater Tree Planting | | \$179,000 | \$179,000 | ARP |
| Transportation and Stormwater Tree Trimming | | \$900,000 | \$900,000 | ARP |
| Park Rangers | 2 | \$104,086 | \$104,086 | Communications Department |
| City Auditor Reinstate adjustments for revenues & expenditures | | \$91,251 | \$91,251 | Communications Department |
| Office of Child and Youth Success | 2 | \$350,000 | \$350,000 | ARP |
| Arts, Culture, and Community Festivals Creative Commons & Organizational Support "Penny for the Arts" | | \$2,000,000 | \$2,000,000 | Registrar of Voters Refund |
| Transportation and Stormwater Utility Worker FTEs for Sidewalk Repair Additional Slicing (NPE) | 2 | \$375,320 | \$375,320 | Registrar or Voters Refund |
| Transportation and Stormwater Paving Condition Assessment | | \$700,000 | \$700,000 | RMRA Allocation |
| Dedication of Residual Redevelopment Property Tax Trust Funds to Affordable Housing Preservation Fund | | \$2,000,000 | \$2,000,000 | RPTTF |
| Transportation and Stormwater Graffiti Abatement | | \$100,000 | \$100,000 | ARP |
| Family Justice Center Clerical Assistants | 2 | \$106,000 | \$106,000 | Communications Department |
| City Clerk Program Manager | 1 | \$149,000 | \$149,000 | ARP |
| City Clerk Software & IT Needs (NPE) | | \$15,000 | \$15,000 | Registrar of Voters Refund |
| City Attorney Office Deputy City Attorney | 3 | \$500,000 | \$500,000 | ARP |
| Fire-Rescue Helicopter Maintenance | | \$300,000 | \$300,000 | ARP |
| San Diego Sister Cities | | \$2,250 | \$2,250 | ARP |
| Transportation and Stormwater Weed Abatement | | \$328,000 | \$328,000 | ARP |
| Marcy Park Improvements to Expand Use and Accessibility | | \$349,253 | \$349,253 | Registrar of Voters Refund |
| South University City Library Expansion Design | | \$100,000 | \$100,000 | ARP |
| Oak Park Library Design | | \$260,427 | \$260,427 | Registrar of Voters Refund |
| Emerald Hills Park Design | | \$500,000 | \$500,000 | ARP |

| GENERAL FUND | | | | |
|--|-------------|-------------------------|------------------------|---|
| Project/Program Description | FTEs | Requested Amount | Resource Amount | Funding Resource |
| Barrio Logan Traffic Calming Truck Route | | \$100,000 | \$100,000 | ARP |
| South Bancroft Street an Unimproved Street Design | | \$250,000 | \$250,000 | ARP |
| Boston Avenue Linear Park General Development Plan | | \$120,000 | \$120,000 | ARP |
| Dedication of Climate Equity Funds to create a Participatory Budgeting program | | \$2,000,000 | \$2,000,000 | New Revenue Per 5/25 Climate Equity Fund \$2M |
| Commitment to Complete 20 miles of Protected Bikeways in FY22 | | | | Cost Neutral |
| | | \$16,630,776 | \$16,630,776 | |

| NON-GENERAL FUND | | | | |
|--|-------------|-------------------------|------------------------|--|
| Project/Program Description | FTEs | Requested Amount | Resource Amount | Funding Resource |
| Mobile Crisis Response Teams | | 10,000,000 | 10,000,000 | County of San Diego |
| Tenant Landlord Education and Assistance for Homeless Prevention | | 500,000 | 21,000,000 | Federal Homelessness Assistance and Supportive Services Program (HASS) |
| 10 Lifeguard II, 5 Sergeant, and 2 Lieutenant | 17 | 1,200,000 | 1,200,000 | Federal Reimbursement |
| | | \$11,700,000 | \$32,200,000 | |

| Funding Sources | |
|--|-------------|
| Communications | \$301,337 |
| Registrar of Voters | \$3,000,000 |
| Reserves (Office of Youth and Child Success) | \$350,000 |
| ARP | \$3,878,250 |
| Climate Equity 5/25 | \$2,000,000 |

I look forward to continuing the hard and critical work of crafting a budget that serves our city in collaboration with my Council colleagues, the Mayor, the Independent Budget Analyst, staff, and San Diegans through June 14 and beyond.