



COUNCILMEMBER DAVID ALVAREZ
City of San Diego
Eighth District
MEMORANDUM

DATE: January 22, 2018
TO: Andrea Tevlin, Independent Budget Analyst
FROM: Councilmember David Alvarez
SUBJECT: FY 2019 Budget Priorities

Please see my budget priorities for the Fiscal Year 2019 budget listed below

Citywide:

Accessory Dwelling Unit Permit Fee Waiver Cost Recovery

In an effort to help address the housing crisis in San Diego County, the City Council last year adopted regulations for both companion and junior units that would ease the requirements for their construction. While the regulations are less restrictive, the cost for permitting companion units continues to be a great obstacle in fostering their construction. It is estimated that a single companion unit can have a total permitting cost of \$30,000. Last year, the SG&LU Committee made an effort to reduce permitting cost by giving direction to waive the cost of the Water and Sewer Capacity Fees for companion units (estimated cost per unit is \$1,524 for a water capacity fee on new construction only and is \$2,062 for the sewer capacity fees). Assuming these fees would be waived for 100 new companion units, this would have an estimated cost of about \$359,000. Given that DSD is an enterprise fund, these fees are meant to cover the cost of staff time to review these permits. The FY19 budget should account for these costs.

Approximate cost: \$359,000.

City Council Budgets

During the FY18 budget process, the Mayor reduced some City Council office budgets. Those Council office budgets should be fully restored in the FY19 budget.

Climate Action Plan Related Funding Needs

- **Bicycle Improvements Concurrent with Resurfacing**
Ensure that bicycle improvements continue to be made concurrently with street resurfacing, and maximize opportunities to implement traffic calming measures that align with CAP and Vision Zero goals (which will require the resurfacing team to be equipped to incorporate best practices for Complete Streets.)

- **Bike and Pedestrian Improvements: Market St, between 22nd St & Euclid Avenue**
Implement safety improvements conceptualized in Southeastern and Encanto Community Plans, and the Pedestrian Master Plan. Improvements include curb extensions, high visibility crosswalks, and protected bicycle lanes. Improvements will encourage increased pedestrian and bicycle mobility.
Approximate Cost: \$1,200,000

- **Bike Counters and Monitoring Program**
Using smart streetlights or other technology, develop and implement a monitoring program that ensures the City is reliably tracking bicycle, pedestrian, and transit mode share. This will allow the City to have real data that tracks progress on mode share goals.

- **Community Choice Energy Jobs Study**
San Diego demonstrated leadership when it adopted the Climate Action Plan with the ambitious goal of 100% renewable energy. Mayor Faulconer has recently recommended that the City Council move forward on developing a business plan for Community Choice Energy (CCE), also known as Community Choice Aggregation (CCA) that would enable the City to meet the legally binding targets set forth in the Climate Action Plan. The CBA requests funding for an analysis of local clean energy buildout scenarios and attendant jobs and economic development created by implementation of Community Choice Energy in the City of San Diego. The CBA believes that public dollars must support the creation of good jobs and uplift historically disadvantaged communities.
Approximate Cost: \$75,000

- **Climate Action Plan Implementation Staffing**
Requesting an additional 5.0 FTEs dedicated to implementation of the Climate Action Plan. We request that 1.0 of the proposed FTEs be dedicated to ensuring equity for all communities in implementation of the Climate Action Plan.
Approximate Cost: \$500,000

- **Fatal 15 Intersections**

The Fatal Fifteen are the intersections with the highest rate of injuries and fatalities in the City of San Diego. We recommend the following three improvements be installed at all fifteen intersections: Stripes, paint ladder or zebra stripes across crosswalks for increased visibility. Countdown Signals, install countdown signals at all intersections. Sound, ensure these signals have audible prompts to let people know when it is safe to cross. Approximate Cost: \$200,000

- **Social Equity- Staff Resources to Draft Social Equity Metrics**

Develop social equity criteria for CIP expenditures that support CAP implementation, and develop a monitoring program that accounts for capital improvement and grant fund expenditures in underserved communities, as described in the CAP. The focus of this position would be on the nexus of sustainability and equity, and it would include extensive research and stakeholder outreach to ensure the meaningful participation members of community members, especially those living in neighborhoods that score high on CalEnviroScreen.

Estimated Cost: 1 FTE

- **Transportation Master Plan**

Development of a comprehensive Transportation Master Plan that includes analysis of mode share and defines the strategies the City will implement to achieve the mode share targets set forth in the Climate Action Plan. The plan should establish a clear vision for how San Diego will become a multi-modal city that supports mobility for healthy citizens in a safe, accessible, and vibrant city, increases affordability, reduces VMT, and protects and enhances the natural environment. It should lay out both high-level policies and specific actions to achieve that vision.

- **Urban Forest Funding**

An important part of the Climate Action Plan is growing and maintaining our urban forest throughout the City. In order to have a robust urban forestry program, four additional FTEs (Tree Maintenance Supervisor, Tree Planting Arborist, Tree Protection Arborist and Tree Inventory Arborist) should be funded in the FY19 budget to ensure our urban forest continues to grow. Additionally, tree care contracts are funded at \$2.7M in the FY18 budget and it is critical that those activities- ranging from tree planting and pruning to trimming and emergency removal- are funded at the same level in FY19.

- **Zero Waste Management Implementation**

In order to obtain a 75% diversion rate as cited in the Zero Waste Management Plan, the Environmental Services Department should consider increasing blue bin collection service from biweekly to weekly. The additional expense could be offset by the additional revenue generated by increasing the recycling rate. Additionally, the City should provide green waste collection service, particularly in communities south of Interstate 8. To determine the feasibility of such a change, the City should fund a pilot study in the FY19 budget.

Code Compliance for Substandard Housing

Funding for additional Code Enforcement Officers in Development Services, Code Enforcement Division. Additional officers should be dedicated to addressing substandard housing conditions for existing rental housing. Costs for new positions could be offset by collections of fines that result from increased enforcement.

Approximate Cost: \$200,000

Commercial & 20th Storage Facility

The area around this facility should receive an increased level of streets and sidewalk cleaning/sanitization. Additionally, increased code enforcement staffing is critical to ensure the area around the facility remains clean and free of debris.

Council Administration

- Addition of one position in order to maintain daily operational service needs (one FTE Council Rep 1).
- Fully fund the Committee Consultant position for the Select Committee on Homelessness.

Firefighter Death and Disability Benefits

The FY19 budget should prioritize and fund a death and disability benefit program for city fire fighters.

Fire-Rescue Department Resource Access Program

The San Diego Emergency Medical Services (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. Currently, there are no community paramedics dedicated for this program. Since its inception, RAP has saved taxpayers approximately \$2,000,000 in diverted public health costs. The addition of 4.0 FTE Community Paramedics for this program is requested for the FY19 budget

Approximate Cost: \$380,000

Fire Station Construction: Skyline-Paradise Hills and Fairmount Avenue Fire Stations

The construction of new fire stations for Skyline-Paradise Hills and Fairmount Avenue are a high priority, as noted in the latest version of the Citygate Report. Funding for the design and construction of these stations should be allocated in the FY19 budget.

Independent Rate Consultant

The Council passed a resolution of intent that allows the IBA to retain the services of an independent rate consultant that can be utilized during Cost of Service Studies and associated

reviews. If the IBA determines a need for these services in FY19, the FY19 PUD budget should provide the resources to retain the desired services.

Library Budget

- Community members rely on our libraries not just for access to books and reference materials, but also for critical activities like children's reading programs, youth and adult programming and community meetings. It is critical that the City maintain current hours and service levels at all libraries in FY19.
- The Library programming budget provides free educational and cultural programming to hundreds of thousands of people throughout the City. This programming was cut in FY18 to \$100,000. The programming budget should be fully restored in FY19 at \$500,000.
- Books and Materials Budget: Increasing a stagnant books and materials budget is also urgently needed to make sure each library keeps pace with circulation needs and allows for adequate access to books, electronic resources and databases. In order to be on par with other benchmarked library systems the books and materials budget should be increased in the FY19 budget.

Lifeguard Division

- Addition of 1 Senior Management Analyst (1 FTE) to allow division to adequately collect operational data and public feedback.
Approximate Cost: \$124,120
- Addition of 1 Lifeguard III at Children's Pool and La Jolla Cove (2 FTE). Position will allow more frequent vehicle patrols to out-of-sight areas to improve water safety and emergency response, as well as increased public education regarding marine life and enforcement of the Marine Mammal Protection Act.
Approximate Cost: \$277,406
- Re-opening of Lifeguard Vessel Replacement Plan in order to fund critical rescue and patrol boats. The FY19 budget should include year-one funding.
Approximate Cost: \$321,944

Minimum Wage and Earned Sick Days Program Staffing and Outreach

The City Treasurer's office manages the Minimum Wage and Earned Sick Days (MWESD) Program which is tasked with enforcement of the ordinance. The FY19 budget should include continued funding for the current MWESD Program positions, including the current open position of 1.0 FTE for a MWESD Investigator position to ensure the MWESD Program effectively enforces the Minimum Wage. Additional funding for outreach contracts with community organizations and 2 Deputy City Attorneys, with an additional estimated cost of \$500,000 should also be included.

Approximate Cost: \$500,000

Penny for the Arts

Currently, the IBA's analysis of the Mayor's 5-year Outlook shows projected revenue budgeted to support the Penny for the Arts Blueprint dropping from \$14.6M to \$10.3M, falling short of the Blueprint's stated 9.5% goal for FY19 and beyond. 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. Increasing arts funding in the FY19 budget to match FY18 levels would allow our arts and culture programming, a vital part of our economy, to continue to grow.

Approximate cost: \$4.3 million.

Police Department

Public safety remains a high budget priority. The City must continue to prioritize the recruitment and retention of police officers. Although the FY18 adopted budget allocated funding towards recruitment and retention efforts, and a salary increase for officers was recently approved, thus far this increased funding has not slowed attrition rates. As such, in FY19, the City should appropriate sufficient funding to conduct an in-depth analysis of attrition to determine how best to modify retention efforts and its recruiting program, including retention of a third party contractor to anonymously survey sworn and civilian police employees on job satisfaction and organizational commitment and to conduct exit interviews when employees decide to leave. The information gathered through these interviews will provide valuable insight into how best to retain officers into the future.

Additionally, the Council 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. The funding needs identified by the department should be included in the FY19 budget.

Police Officer Restorative Justice Funding

Restorative Justice prioritizes mediation, counseling and communication for certain youth offenses with the goal of putting students on a successful path and out of prison. Often a path that youth of color disproportionately find themselves on because they face harsher punishments and are more heavily prosecuted for minor offenses. Requesting training for 125 police officers in Restorative Justice practices.

Approximate Cost: \$300,000

Police Department Rape Kit Test Backlog: There is an estimated backlog of approximately 2,000 rape kits that have not been tested. Sufficient funding to begin addressing this backlog should be included in the FY19 budget.

Sidewalk Maintenance and Repair

The City must take action to develop policy and a funding plan to address the findings in the sidewalk condition assessment and mitigate all tripping hazards to effectively reduce the city's liability and improve the conditions of our sidewalks. The FY19 budget should include increased funding for sidewalk repair and construction of new sidewalks.

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. 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 FY19 and beyond.

Temporary Pool Program

This hugely successful program provides access to pools during hot summer months to communities that do not have the benefit of a pool facility at their local recreation center. The cost of this program is low, while the positive impact on pool users is very high. The following locations recreation center locations should be funded for a temporary pool in FY18: Robert Egger, Montgomery Waller, San Ysidro.

Approximate cost: \$7,500 per location.

Transformative Climate Communities Program

The FY19 budget should include funding for the Planning Department to add staff to dedicate time to pursue this grant funding opportunity. The Transformative Climate Communities program is governed by the California Strategic Growth Council and is a result of the passage of AB2722. The planning grant guidelines outlines that only local governments can apply for funding. The amount of funds available for implementation and planning grants are determined annually by the legislature, California Air Resources Board, and the Strategic Growth Council and can range up to the millions. In the City of San Diego, Barrio Logan is the only community that would qualify for this program because it's the only area with a majority of census tracts in the top 5% of CalEnviroScreen (CES).

Translation Services for Community Planning Groups

Community planning groups are recognized as formal mechanisms for community input in the land use decision-making processes. Planning groups provide citizens with an opportunity for involvement in advising the City Council, the Planning Commission on development projects, general or community plan amendments, and public facilities. As such funding for interpretation services to make CPG meetings more inclusive and accessible for residents with limited English language proficiency should be included in the FY19 budget. Estimated cost for any one meeting should not exceed \$300.

Approximate Cost: \$25,000

Tree Trimming and Weed Abatement

The FY19 budget should increase funding for tree trimming and weed abatement to ensure the city is taking proactive measures to reduce fire risk during Fiscal Year 2019.

District 8 Infrastructure Projects

The projects listed below are high priority community needs for the FY19 budget. Consideration should be provided to those projects eligible for upcoming funding opportunities, including deferred capital bonds or the commercial paper program. 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 infrastructure needs, our streets, sidewalks, and buildings will continue to deteriorate.

Baybridge Community Center Roof

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 most recent facilities assessment report.

Approximate cost: \$500,000.

Beyer Community Park

This project would create a 12.6 acre community park serving the San Ysidro and Otay Mesa communities. The General Development Plan and design of the project will soon be complete. The next step would be to fund the project's initial construction phase.

Approximate cost: \$400,000.

Bus Stop Upgrades on City Property: Otay Mesa

There are currently a total of 43 bus stops in Otay Mesa, ten stops are in need of City funded capital improvements, such as ADA loading pad and sidewalks in order to receive upgrades such as benches and shelters. The locations below should be prioritized to be eligible to receive much-needed upgrades from MTS: Airway Rd./Dublin Dr., La Media Rd./Airway Rd., Siempre Viva Rd/Paseo De Las Americas, Siempre Viva Rd/Sarnen St., Siempre Viva Rd/Avenida Costa Brava, La Media Rd./Airway Rd., Otay Mesa Rd./Otay Mesa Center, Otay Mesa Rd./Gailes Blvd., Otay Mesa Rd./Cactus Rd., Otay Mesa Rd./Heritage Rd.

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.

Commercial Truck Routes in Barrio Logan

Funding should be provided in the FY19 budget for an analysis on environmental impacts of commercial truck routes that travel through Barrio Logan. Barrio Logan has long been subjected

to higher levels of pollution than most San Diego neighborhoods, exacerbated by its proximity to industrial uses. Commercial trucks driving through, idling, and parking in the community have contributed to poor air quality and have negatively impacted the health of its residents. An analysis of the environmental impacts caused by these trucks would inform and recommend safer truck routes. Approximate Cost: \$75,000

La Media Road CIP

Completion of this CIP is critical to our cross-border economy. \$9.7 million in Transnet funding should be allocated to it in FY19.

Pedestrian/Safe Routes to School Improvement Projects

- 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.

Sidewalks

Sidewalks throughout District 8 are in disrepair and need immediate attention. The list below should be considered priority locations in the FY19 budget.

- Egger Highlands Missing Sidewalk: 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.

- Imperial Ave. & 25th St. Sidewalk Repairs: The condition of the sidewalks at the following stretches are riddled with potholes, the concrete blocks are broken, missing and protruding. These conditions are dangerous for pedestrians and pose a liability risk to the City.

- o Imperial Avenue from 19th St. to 30th St.
- o 25th St. from Imperial Ave. to G St.

-San Ysidro locations:

- o -Howard Ave. (east side) between Village Pine Dr. and Iris Ave. (50/50 cost share – \$22,500 San Ysidro & \$22,500 Otay Mesa-Nestor)
- o -Smythe Ave. (both sides) between Beyer Blvd. and SR-905.
- o -Cottonwood Rd. (both sides) between W. San Ysidro Blvd. and Vista Ln.
- o -Seaward Ave. (south side) between Cottonwood Rd. and West Park Ave.
- o -Border Village Rd. (both sides) between the north and south connections to E. San Ysidro Blvd.
- o -Calle Primera (north side) between Via De San Ysidro and Willow Rd.
- o -Cottonwood Rd. (west side) Beyer Blvd. to Foothill Rd.

- -Smythe Ave. (both sides) between Sunset Ln. and W. San Ysidro Blvd.
- -Alverson Rd. (both sides) between Sunset Ln. and W. San Ysidro Blvd.
- W. San Ysidro Blvd between Dairy Mart Rd. and I-805; E. San Ysidro Blvd between I-805 & San Ysidro border crossing.

Approximate cost \$1.1 million

Streetlights

District 8 communities are 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:

○ Dahlia Avenue between Saturn Boulevard and 18th Street qualifies for three additional street lights. Their proposed locations are as follows:	
○ Dahlia Avenue west of Saturn Blvd 305' south side	\$ 2,500
○ Dahlia Avenue west of Saturn Blvd 105' south side	\$ 2,500
○ Dahlia Avenue east of 18th Street 160' south side	\$ 2,500
○ East Beyer Boulevard north west of Center Street 600', west side	\$ 15,000
○ G Street east of 30th Place 150', south side	\$ 10,000
○ Antares Drive east of Caithness Drive 190', south side	\$ 18,000
○ Beyer Boulevard west of East Beyer Boulevard 300', south side	\$ 20,000
○ 28th Street south of Imperial Avenue 153', west side streetlight	\$ 2,000
○ 34th Street (South) north of Spring Garden Place 120', east side streetlight	\$ 2,000
○ Logan Avenue northwest of Sigsbee Street 184', south side streetlight	\$ 2,000
○ Acacia St at Delta Street, southeast corner	\$ 1,000
○ Spring Garden Place west of 34TH Street 180', in cul-de-sac streetlight	\$ 2,000
○ Pickwick Street east of 34th Street 495', south side	\$ 2,000
○ 33rd Street north of Imperial Avenue 130', west side at alley streetlight	\$ 2,000
○ Clay Avenue at Sampson Street, at alley, northwest corner streetlight	\$ 1,000
○ Franklin Avenue east of 29th Street 183', south side streetlight	\$ 2,000
○ Sampson Street west of Kearney Avenue 60' south side	\$ 8,000
○ 28th Street south of Imperial Avenue 153', west side	\$ 8,000
○ Gamma Street east of South 42nd Street 160', north side	\$ 8,000
○ 24th Street, 135' north of Imperial Av, east side	\$ 10,000
○ F Street east of 31st Street 265', south side	\$ 10,000
○ Irving Avenue east of Sicard Street 155', south side	\$ 10,000
○ Harrison Avenue north of Sicard Street 310', west side	\$ 10,000
○ G Street west of 31th Street 150', north side	\$ 10,000
○ Harrison Avenue west of Evans Street (south) 300', south side	\$ 10,000
○ Harrison Avenue east of S Evans Street 325', north side	\$ 10,000
○ Everett Avenue east of S Evans Street 205', south side	\$ 10,000
○ Everett Avenue west of S 28th Street 140', north side	\$ 10,000
○ Birch Street northeast of Vesta Street 210', northeast side	\$ 15,000
○ Irving Avenue east of Dewey Street 300', south side	\$ 15,000
○ Irving Avenue west of Sicard Street 155', south side	\$ 15,000
○ F Street west of 33rd Street 130', south side	\$ 18,000
Total	\$ 264,000

Southeast Mini-Parks 4 mini-parks are included in CIP L16000:

- Gamma Street Mini-Park ADA Improvements: This project provides for the design and construction of ADA improvements at the existing Gamma Street Mini-Park in the Southeastern Community. Improvements include upgrades to the children's play area and associated path of travel. Design is in its final phase and the project is ready to begin the construction award process once funding has been added to the project.

Approximate cost: \$1.3 million

- Clay Avenue (CD8): Play structure ages 5-12, installation of tables and BBQ grills and ADA improvements.

Approximate Cost: \$1 million

- Island Ave: Complete design and construction, including ADA improvements, playground and amenities.

Approximate Cost: \$1 million

- J St: ADA improvements and playground upgrade.

Approximate Cost: \$1 million

Southwest Neighborhood Park

This project is P-13 in the Otay Mesa/Nestor Community Plan Update's Public Facilities Financing Plan. The project would provide for the design and construction of 11.54 gross / 6.82 useable acres on city owned dedicated parkland, and will include a new comfort station and play area. The total estimated cost of the project is \$8.8M. At this time a CIP needs to be created for this project and funding allocated to allow a General Development Plan (GDP) to move forward.

Approximate cost \$350,000.

Villa Montezuma

This historic City facility requires immediate attention for the following deficiencies:

1. Plumbing upgrades, which will allow for functional and ADA compliant restrooms and a new hot water heater. Approximate cost: \$150,000
2. Exterior painting prep, such as tenting for termites and rodents, and fixing deteriorating/termite damaged exterior wood boards: Approximate cost: \$150,000
3. Replacement of carpet for third story: Approximate cost: \$10,000

REVENUE OPTIONS

The following revenue opportunities should be explored to fund budget priority items outlined in this memorandum:

Department Budget Reductions

A 1% reduction in department budgets would result in a projected \$7M in additional funding that could be utilized in the FY19 budget.

Excess Equity

The first quarter budget report projected \$17.9M in excess equity at year end that could be used in the FY19 budget.

Excess Risk Management Reserves

\$17M in excess risk management reserves at year end could be used in the FY19 budget.

Pension Payment Stabilization Reserve Contribution

Use of the \$3.5M in Pension Payment Stabilization Reserve funds (General Fund portion).

Use of Redevelopment Property Tax Trust Fund (RPTTF) to Ensure Economic Revitalization and Job Creation

The Five-Year Outlook noted that the adjusted residual RPTTF revenue over the next five years increases from \$19.4 to \$30.6 million, for a total of \$126 million. Using this revenue going forward to invest in San Diego's economically disadvantaged communities, as originally intended allows areas in the greatest need of economic investment an opportunity to attract new commercial activity, which in turn creates new jobs and greater tax revenue for the City's general fund. The prioritized investment of these residual RPTTF funds could fund many capital projects across the city that currently do not have identified funding sources.

Ongoing CIP Cash Management

Ongoing review of CIP cash management activities will ensure the appropriate alignment of the timing and use of funding for CIP projects.

Contracts

The City utilizes outside contractors for a variety of services totaling \$240 million. 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.

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 enforcement to ensure compliance of applicable laws.

Infrastructure Fund Suspension

The Outlook recognizes allocations to the Infrastructure Fund as a General Fund expense. Allocations to the Infrastructure Fund could be used to support certain strategic expenditures, potentially including the City's Infrastructure Asset Management Program, street repair, and storm water permit compliance projects, thereby addressing critical needs while mitigating the projected deficit. 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. If funding for non-infrastructure critical expenditures is needed, Council could consider suspending the measure, which would allow \$16.9 M to flow to the General Fund for other City uses.

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