

Citizens Task Force Report

Established as part of the Civic Leadership Team, the Citizens' Fiscal Sustainability Task Force was formed and met weekly over a five-month period. They reviewed relevant data, interviewed City management, and compared the City to other municipalities. From that process, a report was compiled and issued on December 11, 2009, on the Fiscal Outlook of the City of San Diego. The report includes eight Core Principles and twelve recommendations as a course of action.

Citizens Task Force - Core Principles:

1. Institute Sound Financial Management Practices;
2. City must only provide "Core Services" it can afford;
3. City not use one-time deferrals to solve structural budget imbalances;
4. City is service provider; not an employment agency
5. City should practice high quality "Cost-Efficient" Business Management;
6. Enterprise Funds must be scrutinized
7. General Tax and Fee increases should be considered only as a last resort;
8. City must avoid raiding reserve accounts or rainy day funds unless there is a declared public safety emergency.

Citizens Task Force - Recommendations:

1. The Mayor and Council must have the political will to declare a Fiscal State of Emergency and immediately eliminate the Structural Deficit.
2. Immediately eliminate the current 800 vacant positions from the budget. The presence of these vacant positions, while allowing for some operational flexibility, is problematic and could serve as a departmental expense "slush fund".
3. The City must immediately reduce, at a minimum, the quantity and/or quality of services that it provides to its citizens in order to eliminate sufficient cost to equal the \$179 million deficit in the 2011 budget.
4. The City must find a way to reduce its unit cost of labor to affordable levels more comparable to that in the private sector. It is unacceptable and unsustainable for citizens to have to reduce service levels to finance an excessive City worker benefit structure. This will take aggressive and innovative action.
5. The City must immediately implement the voter-approved Managed Competition Ordinance and begin to deliver services in a competitive and cost-effective manner either by City workers or by the private sector. This is a structural change already mandated by the voters and must be pursued with diligence and urgency.
6. The City should amend the Charter to significantly reduce or eliminate the number of classified positions; therefore giving the City a more flexible workforce.
7. The City should formally adopt the concept of a rolling multi-year budget cycle in order to eliminate the deceptive practice of pushing current year liabilities into the next year as a way to avoid properly resolving the chronic annual shortfalls.

Citizens Task Force – Recommendations (cont.):

8. The City should adopt the concept of a 'Poison Pill' to enforce a new fiscal management process. This will require a pre-approved formula for meeting future revenue shortfalls should the Mayor and City Counsel be unable to structurally solve the problem using normal procedures.
9. The City should immediately implement a plan to promote business expansion and growth in the City of San Diego. We compete with other cities for business expansion and must not lose our focus. The continued loss of business-related revenue will deal a major blow to the City's economic prospects. Importantly, superior fiscal management of the City's resources will go a long way to improving our ability to attract new businesses and the attendant taxpaying employees.
10. The City should establish a fact-based dialogue with citizens from all walks of life to establish a common vision of what services voters want and how much are they willing to pay for them.
11. If the City Council is unable to make the required structural cuts that will balance the FY2011 budget without accounting deferrals and gimmicks, a "Citizen's Initiative" should be placed on the ballot that forces a permanent reduction of City staff by at least 1,500 people – which should yield a structural reduction of more than \$100 million once other long-term liabilities are included.
12. Once permanent fiscal disciplines have been implemented and exhausted, the City should seek voter approval to create new fees and/or taxes to support delivery of the remaining services that the citizens deem to be essential core services; for example Storm Water Compliance and Trash Collection.