

Memorandum

TO: Councilmember David Cortese

FROM: Ron Gonzales, Mayor

SUBJECT: Mayor's June Budget Message

DATE: June 15, 2006



Approved:

Date:

Thank you for your memorandum sent June 14 related to the Mayor's June Budget Message. Although it was submitted well after the deadlines for proposals and comments that all other councilmembers were able to meet, I always appreciate the involvement of my colleagues as we develop our annual budget. I have to admit to some surprise, however, that you neither submitted budget documents on these issues when you had the opportunity, nor raised any of your questions on these budget issues during our weeks of study sessions or at the specific study session on the June Message that we held on Monday this week.

Although it is very late in the process for councilmembers to bring forward recommendations of this nature after so many opportunities were provided, you are certainly welcome to share your thoughts with the full Council at our meeting on June 20 when we consider action on the June Budget Message. In order to help the Council be more efficient as we take up the budget, I offer you the following questions and request for clarifications in response to your memo.

- 1. ECSS fee.** I agree this fee should be temporary "until such time that the General Fund monies existed to support essential services." That already is my recommendation in the June Message, based on the City Manager's projection of budget shortfalls over the next five years, even with the ECSS fee continuing during this period. This clearly underscores that the ECSS fee is necessary to "support essential services," as you suggested. I would expect that the future Budget Messages prepared by our next mayor would responsibly evaluate the need for the fee based on our budget picture at that time. I would have no problem clarifying at the Council meeting that the intent of my recommendation would be that if a surplus exists this fee be suspended, but no additional policy action is required.

Question: My recommendation to use excess Ending Fund Balance (EFB) funds to replenish the Economic Uncertainty Reserve is driven in part by their one-time nature. You have suggested that funds from the EFB beyond the Future Deficit Reserve be used to eliminate or reduce the ECSS fee. Because the EFB is a one-time funding source, and the ECSS is an ongoing source, it would be helpful if you could explain if you are actually proposing a temporary suspension of

the fee. If so, how it would be implemented from a billing, collection, and communications perspective?

- 2. Education Program Grants.** I appreciate your support for my funding recommendations for Latino College Preparatory and BAWSI. Related to your comments regarding a full-time school safety coordinator, you may have noted I already proposed hiring ten more police officers and assigning them to school safety priorities. I believe the Council should allow the City Manager and the Police Chief to have the flexibility to determine how to best to use these resources to address school safety, which has always been one of our top priorities. I agree, of course, that our citywide strategy should continue to include partnerships with all our school districts.

Questions: Could you provide more information on the position you are referring to that was a full-time school safety coordinator? What functions did this person perform, and are others now performing them in the City organization? What percentage of funding came from ESUHSD, and is ESUHSD interested in funding this allocation again?

- 3. PAL.** Thank you for supporting my recommendation for PAL maintenance. To make sure I am clear, I recommended that these positions be included as ongoing costs within the base budget, not as a short-term fix only through 2008 as you implied. I do have to disagree with your comment that “PAL should no longer be viewed as a program available to the chopping block in favor of balancing our budget.” Obviously, we cannot bind the hands for future councils, especially when no one knows how severe future budget challenges might be. The City Council always has to be ready to review every program and project, every year, in order to make sure we have the resources available for critical public services.
- 4. Strong Neighborhoods Citywide.** The City Council has already voted at least twice (March Budget Message and again on Tuesday this week) to proceed with extending our successful SNI model of partnership to a citywide service delivery approach now titled “Building Strong Neighborhoods.” The Council’s position is quite clear, although you may disagree with it. In response to your call for a new City Outreach Department, I believe we should let the City Manager determine the best method coordinating outreach to achieve results and efficiencies.

Question: It appears that you are proposing to take \$700,000 from the General Fund to use in current SNI project areas where Redevelopment Agency funds would be used. Is this really your intent?

- 5. Driving a Strong Economy & Housing for All Income Levels.** This is not a budget issue, and should not be handled in the context of the June Budget Message. If you would like to propose this type of policy, you can bring it forward to the Rules Committee for consideration. However, I believe the Council’s policy already is very clear that we must be very careful when we consider converting industrially zoned lands to residential purposes. Creating a policy incentive for creating more affordable housing on job-creating lands is counter to our long-term economic strategy, and it is bad public policy.

Cc: City Council
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