SAN DIEGO CITIZENS' BUDGET PROJECT

Town Hall Dialogue

March 18, 2004

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WELCOME FROM THE DIALOGUE SPONSORS

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San Diego County Taxpayers' Association

Reason

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CITIZENS' BUDGET OBJECTIVES

- Review and Benchmark Performance and Cost in Each City Agency and Department
- Generate Options and then Make Recommendations for Balancing the Budget and Improving Citizen Services
- Engage the Public and Civic Leaders in Process of Fundamental Change…During this Budget Process and Beyond!



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PROJECT APPROACH

Public Dialogue #1
Define the Problem
Scope the Solutions

→ ***Engage the Public on the Issue***
Focus in on the Problems
Generate Ideas to Study
Provide "Guidance" to PI Research Team

PI Options Report
Department-Specific Reforms and Budget Implications of Each

→ ***Review Agency Budgets***
Research Alternatives
Provide Cost Estimates for Savings
Evaluate Existing Revenue Streams

Public Dialogue #2
Public Review of Options

→ ***Surface Public Reaction to Options***
Evaluate Options Against Public Values
Discuss Next Steps
Call to Action

Recommendations
Individuals, Organizations, & Coalitions Endorse Ideas and Act

→ ***Compile and Endorse "Recommendations"***
Engage City Manager and City Council
'05 Budget Decisions
Long-Term Reforms



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ENGAGING CITIZEN INPUT

- Project Website: Information on the project with portal for submission of cost saving ideas
- Email to City Employees: "Manager-for-the-Day" email solicits cost saving ideas from city workers
- Public Forums: Two Town Hall Dialogues
- Interviews: One-on-one meetings to canvass stakeholder groups and civic leaders for ideas

PI OPTIONS REPORT



- Based on Review of City Budget and Department Operations
- Evaluation of Previous Reform Studies (ZBMR, STEP, Blue Ribbon Commission)
- Comparison to Reforms and Benchmarks in Other Cities
- Conducted by PI Research Team with Extensive National Experience in Federal, State and Local Budget Reforms

A DIFFERENT APPROACH TO BUDGETING

SPENDING

How much is spent?
What is the price per unit of service?
What is our deficit?

VS

RESULTS

How many services?
Are we solving problems?
Are needs met?

Budgets Are Not Just Fiscal Documents

They Should Offer a Clear Vision and Strategy for a Better Quality of Life



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Current Debate

Massive Increases in Taxes and Fees

VS.

Cut Vital Services in Key Programs

An "Either/Or" Proposition=Political Stalemate



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Quality of Life

Citizens' Budget Philosophy

Reduce Cost of Living to Taxpayers

and

Reform Programs to Improve Service

A "Both/And" Proposition=A Better Quality of Life



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We Cannot Tinker Around the Edges…
We Must "Blow Up Old Boxes"

The Citizens' Budget Seeks to Fundamentally Rethink San Diego City Government



All 5 Pillars are Inter-Related. PERFORMANCE is the Common Thread.

EXPERT PANEL INTRODUCTIONS

A Cross-Section of Community Leaders, Stakeholder Representatives, Budget Analysts, and Former City Workers

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DEFINING THE PROBLEMS

- What is the size of the City's current budget deficit?
- What is the magnitude of the City's long-term financial liabilities, most notably pension fund and infrastructure needs?
- What other financial issues should the City be addressing?



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SCOPING THE SOLUTIONS

- How can the City reduce expenditures without impacting vital services?
- How can the City improve key services to meet citizen expectations?
- What are some short-term and long-term reforms that the City should enact now to improve management and accountability?



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EXPERT PANEL PRIORITY ITEMS

You are City Manager.

What THREE Reforms Would You Enact to Balance the Budget and Improve City Services?

(Sixty Second Time Limit!)



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PUBLIC COMMENT AND QUESTIONS

Continue the Dialogue…

and Provide Candid Feedback Online!

www.SanDiegoBudget.org



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Thank You!

Your Expert Feedback Will Guide the Research Phase of the Project and We'll Return to You with Options

APPENDIX

Background on Methodologies Being Used by the PI Research Team for the "Options Report"



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The Wrong and Right Ways to Balance the City's Budget

Wrong Ways:

- Cutting vital city services
- Across-the-board budget cuts
- Attacking city employees
- Wholesale privatization
- Tax increases (Raising the price of government without managing the "cost" through reforms)

Right Ways:

- Priorities: Fully fund priority programs; postpone "good idea" initiatives
- Incentives: Provide employee incentives for saving money
- Competition: Use competition to achieve more efficient city programs
- Accountability: Hold city programs (and contractors) accountable for performance and costs



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STANDARD 1: PERFORMANCE MANAGEMENT

- Reform 1: Understand citizen expectations and needs
- Reform 2: Develop agency and department strategic plans and "outcome" performance measures for each program
- Reform 3: Benchmark San Diego performance against others for better approaches
- Reform 4: Fund only programs that are priorities and have performance

Where Improvements Are Found:

- Eliminate programs with poor performance
- Improve performance with better program strategies
- Suspend programs and activities that are not priority
- Consolidate duplicative activities
- Coordinate various government and non-government services



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STANDARD 2: IMPROVED FINANCIAL MANAGEMENT

- Reform 1: Develop full cost accounting for all programs
- Reform 2: Improve integrity of financial systems
- Reform 3: Reduce improper payments and errors
- Reform 4: Enhance management of capital projects and assets
- Reform 5: Provide flexibility and incentives to managers for cost management

Where Improvements Are Found:

- Benchmark cost of activities and services to identify inefficiencies
- Reduce waste, fraud and error in programs
- Recapture erroneous payments on transactions
- Reduce risk in capital projects
- Reduce surplus property
- Harness alternative funding sources for services and long-term capital projects



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STANDARD 3: STREAMLINING AND E-GOVERNMENT

- Reform 1: Integrate services to citizens online and offline
- Reform 2: Streamline work processes
- Reform 3: Implement "shared services" approach to overhead and common activities
- Reform 4: Reduce layers of management

Where Improvements Are Found:

- Provide for automated "self-service" to citizens
- Improve process efficiency in providing city services
- Reduce overhead on administrative services
- Improve productivity of staff through improved technology
- Reduce burden to citizens



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STANDARD 4: HUMAN CAPITAL MANAGEMENT

- Reform 1: Conduct workforce assessment and devise Human Capital Plan to quantify staffing needs (#'s, skill sets, managers)
- Reform 2: Offer appropriate compensation and benefits packages to recruit and maintain quality workforce
- Reform 3: Create quality and diverse workplaces
- Reform 4: Reduce employee overtime and injury rate
- Reform 5: Implement employee performance evaluation, development and rewards systems

Where Improvements Are Found:

- Maximize employee performance and career advancement
- Improve workforce morale
- Reduce over- and under-staffing of programs
- Reduce labor costs to appropriate levels
- Reduce workers' compensation and overtime costs



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STANDARD 5: COMPETITIVE SOURCING

- Reform 1: Implement "Competitive Sourcing" process to annually compete at least 10% of commercial activities for "best value"
- Reform 2: Implement fixed-price, share-in-savings, performance-based contracting (Hold Vendors Accountable)
- Reform 3: Tap purchasing power and achieve efficiency through procurement consolidation, e-purchasing and inter-department partnerships
- Reform 4: Consider privatization and public-private partnerships

Where Improvements Are Found:

- Outsource activities that lose competitions (30% cost savings)
- Streamline activities to win competitions (20% cost savings)
- Shift performance contract risk/reward to vendor (15% cost savings)
- Reduce duplicative purchases
- Achieve "bulk" rate on purchases
- Eliminate operating expenses through privatization and partnerships



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ABOUT THE SPONSORS

The Performance Institute

The Performance Institute is a private think tank seeking to improve government performance through the principles of competition, accountability, performance and transparency. PI serves as the nation's leading authority and repository on performance-based management practices for government. Its mission is to identify, study and disseminate the leading management innovations pioneered by "best-in-class" organizations. In 2003, the Institute led a nine month project to develop the *California Citizens' Budget Plan* which fueled several budget reform proposals in Sacramento and has been championed by Governor Arnold Schwarzenegger.

San Diego County Taxpayers Association

The San Diego County Taxpayers Association is a non-profit, non-partisan organization, dedicated to promoting cost-effective and efficient government and opposing unnecessary new taxes and fees. Founded in 1945, SDCTA has spent the past five decades saving the region's taxpayers millions of dollars, as well as generating information to help educate the public.

San Diego Regional Chamber of Commerce

The San Diego Regional Chamber of Commerce is committed to providing broad-based economic value for its members and the international region. The San Diego Regional Chamber of Commerce will be acclaimed as a leader and catalyst in facilitating value for its members by optimizing their competitive viability in the regional, national, and global marketplaces.

Reason Foundation

Reason Foundation is a public-policy think tank promoting choice, competition, and a dynamic market economy as the foundation for human dignity and progress. Reason produces rigorous, peer-reviewed research and directly engages the policy process, seeking strategies that emphasize cooperation, flexibility, local knowledge, and results. Through practical and innovative approaches to complex problems, Reason changes the way people think about issues and promotes policies that allow and encourage individuals and voluntary institutions to flourish.



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