

Eagle Journal Candidate Questions

Mike Donovan Response

No. 3 – What changes, if any, would you pursue in the city’s budgeting process and financial approach if you were elected to office? As an example, are there any significant public works projects you would like to see the city address not currently in the works?

Donovan Response:

Good budget preparation practices, some of which are currently incorporated into the city budget process, include prioritization of “wants,” multiple-year planning, setting budget ground rules up front, using accruals to plan for the future, and (of course) transparency. With regard to public works projects, since we have rebuilt virtually all major city buildings over the past 10-15 years, we don’t really need any major public works or capital improvement programs. Exceptions do exist to this, which I will expand on. First, a brief description of the good budget preparation practices mentioned above.

Prioritization is an important element of budgeting since we have a finite amount of resources (money, people, etc.). The City Council should provide general guidance to city staff prior to starting the budget planning process so staff has an understanding of what should be included in the next-year budget. Earlier this year an agenda item was included at a council meeting for each City Council member to provide an indication of their priorities among a list of items prepared by the City Manager. This provided feedback, but this process could be expanded upon to provide even better, more effective feedback from council members. For example, I would advocate evaluating future budgets for including more Mills Act funding to further incentivize historical preservation and additional funding in support of municipal code enforcement.

Multiple-year budgeting is a process adopted by many corporate businesses to give a better and more complete view to executive management. The theory is that in reality, businesses do not operate strictly on a fiscal year basis ... fiscal years are simply a way to measure and evaluate revenues and costs over a finite period of time. Multiple-year budgeting allows management to see further than the next four quarters and is particularly helpful for projects and capital programs that take longer than a year to complete or when the execution of a project occurs over more than one fiscal year.

Setting budget ground rules ahead of the planning process is critical to an efficient budget process. In my view, city staff does a good job providing draft ground rules to the City Council for review and edit if desired. This practice, along with the prioritization process noted above, combines to enhance the budget planning process.

Accrual accounts can be used not only to maintain visibility on known future costs to the city but also to start saving for the time these funds will be needed. An example is to start accruing funds for maintenance and replacement of the city buildings and other infrastructure, all of which have a service life span. Maintenance funding is important to meet or even extend the predicted service life of an

asset. Maintenance budgets are easy to cut when funds are needed for other things, but in the long run, deferring or delaying maintenance only increases costs in the future.

As for transparency, this is simply the ability for the public to be able to review and understand where city revenues come from and how and where city spending occurs.

Finally, with regard to public works or capital improvement programs, City Fund 400 (Capital Improvement Projects (CIP)) contains two major projects for the FY16-17 budget. These are the Regional Communication Systems project for emergency services; and the Country Club/Parker Basin Area Storm Line Infiltration project, needed to address water issues specific to the Country Club area. The Spreckels Center and Bowling Green project is currently underway and planned for completion before this fiscal year. The Gateway project to enhance the bridge entry to Coronado is in the planning stage and will be funded from City Fund 215, which is money from the bridge tolls, so is separate from the CIP fund. This funding can only be used for selected applications, such as the Gateway project. Other infrastructure projects will need attention, including waste water and storm water systems.