



San Luis Obispo Chamber of Commerce

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David E. Garth, President/CEO

January 6, 2011

Mayor Jan Marx and Members of the City Council
City of San Luis Obispo
990 Palm Street
San Luis Obispo, CA 93401

Re: Goal-setting and the budget process for 2011-13

Dear Mayor Marx and Council Members:

The San Luis Obispo Chamber of Commerce Board of Directors respectfully submits our top priorities listed below as the most important goals for the City to accomplish in the next two years. These recommendations were reached after extensive discussion and evaluation that directly engaged over 80 business and community leaders. They represent long-term investments in our quality of life, which the Chamber believes is critical at a time when the City continues to face the challenges of declining revenues and increasing expenses.

No longer can our city function in a “business as usual” manner. Regardless of the economic climate, it is clear that fundamental structural transformation is required for our City to preserve the standard of service that is the hallmark of our community. The Chamber believes that the City needs to respond forcefully to the new realities. Our recommendations reflect this need for change.

1. Invest more resources in Economic Development

Why:

- Improve the lives of our citizens by providing greater opportunities to live and work here
- Increase our City’s base of revenues so City services can be preserved

- Retain and grow head of household jobs
- Send a message that we are “open for business”
- Assist the local community to navigate the current economic challenges

How:

- a. Enhanced data collection to better understand the business community and its needs, strengths and opportunities
- b. Active communication and intimate working knowledge of the needs and opportunities of head-of-household jobs producers
- c. Continue to develop a stronger City economic development brand in cooperation with the Chamber
- d. Continue to improve online presence
- e. Establish greater certainty in the development review process and nurture a culture of facilitation
- f. Educate and work with property owners to secure pre-annexation agreements in the Airport area and Chevron Tank Farm annexation areas
- g. Review development impact fees and explore new financing strategies to meet existing community needs

2. Reduce spending to achieve long-term fiscal sustainability

Why:

- A policy tool is needed to guide the City in achieving significant reductions so that we are not continuously managing a structural gap
- Change course from the path of upward spiraling operating costs, particularly in the area of staffing
- Restore public trust in government by controlling costs while addressing the public’s priorities

How:

- a. Employ a bottoms-up spending approach that critically evaluates the entire ecosystem of City operations
- b. Reduce General Fund staffing costs as a percentage of revenue, with goal of reaching 2002 level of 68% from 80% today
- c. Expand current compensation benchmarking practices to include private sector comparables and pursue creative, forward-thinking methodology in public sector compensation
- d. Pursue environmental efficiencies in City operations and facilities consistent with the City’s climate action planning efforts

The Chamber believes that our top two priorities address the City's desire to both increase revenues and cut costs. In addition, the following recommendations will further these goals:

1) Implement pension reform

- a. Establish a two-tier pension plan as a first step toward more extensive pension reform
- b. Implement the Financial Accounting Standards Board's reporting standards – the generally accepted accounting principles for private sector businesses and non-profits – in order to understand the City's true pension obligations
- c. Move from defined benefits to defined contribution plan

2) Eliminate binding arbitration – City Council takes the lead in placing a ballot measure before the voters to remove binding arbitration from the city charter

3) Reduce duplication and redundancy in department functions

Thank you for your consideration of these suggested goals and for inviting input from the community. We look forward to participating in the Community Forum on January 11 and in the other remaining steps in the budget and goal-setting process for 2011-2013. We believe your leadership on these priorities will ensure a sustainable and prosperous economic future for those who live and work here.

Sincerely,



Michael Gunther
Chair of the Board

cc: Katie Lichtig, City Manager
Michael Codron, Assistant City Manager
Mary Bradley, Interim Director of Finance and Information Technologies