

January 21, 2008

Dear Arts and Culture Coalition,

Thank you for contacting my campaign and offering an opportunity for me to articulate some thoughts on the role of arts and culture in San Diego—and how we can nurture and maximize that role in the years to come. In short, I believe arts and culture programs are extremely important to the future of the City of San Diego.

There are issues outside of the topics explored on your questionnaire that must be articulated—issues that have a significant impact on arts and culture programs. As such, I've opted to write a letter to provide more expansive thoughts for addressing the most important issue facing the city (the financial crisis) and its impact on arts and culture programs.

The city's financial problems are so severe that they threaten our ability to commit to any municipal program area—particularly arts and culture programs. In fact, when our finances are not properly managed and a crisis ensues, a significant segment of the public clamors for outright elimination of programs—and often puts arts and culture programs on their list of cuts.

As a result, I would strongly encourage your Coalition to take an active part in the efforts to fix our city's financial problems. In doing so, your Coalition can help safeguard a consistent and reliable investment in arts and culture programs long-term. I encourage you to lend your support to candidates that have a demonstrated track-record and commitment to financial recovery for our city.

For my part, our campaign is primarily focused on restoring our city's financial health. Building on my work as a national government reform advocate, I will work to balance the city's budget and pay down our debts in the following ways:

- **Focus on the Core:** The city currently is trying to do too much—and the result is it is not doing many things well at all. We must refocus the city on “core” services and do those services right—the first time. We must engage the public in a candid dialogue on what “core” services should be funded from our city's General Fund—and seek alternative funding sources (fee-for-service, non-profit, re-development funds, private, etc.) for other services.
- **Streamline City Operations:** The city's operational processes are outdated and bureaucratic. While Mayor Sanders has made progress on restructuring many city processes, much more work must be done. I will tap my national network of “best management practices” from other cities and counties to challenge each city department to redesign how they deliver services to our citizens. Look for a sustained 2-3 year effort on process redesign—it does not happen overnight and does not usually lend itself to interesting media stories but it is the stuff that government transformation is made of.
- **Reform Labor Costs:** The percentage of the city's budget going to “labor” costs has risen from 70% of the budget in 1990 to 81% of the budget in 2005. What does that 11% swing mean to the average San Diegan? Less capital investment—meaning fewer streets being repaved, fewer fire trucks, lower maintenance of cultural assets such as Balboa Park, etc. The city must reform its pension and health benefits to bring its fringe labor costs in line with national government averages. In addition, the city should benchmark salaries and benefits against comparable work classifications in the surrounding labor market here in San Diego. I will request that the city expand its use of salary studies as a methodology for informing labor contract negotiations. Additional reductions in the size of the city workforce will be necessary if labor negotiations on pay and benefits do not achieve enough savings.

Cutting costs is only part of the solution to our city's financial problems. We must also **grow revenue** coming into the city if we are to provide the kinds of services taxpayers deserve and make the investments that will safeguard our quality of life. I do not believe that tax increases are appropriate ways to grow revenues for our city. That's like a company with a financial problem selecting to increase the price of its products—without addressing its inefficiencies and quality problems. Merely raising the price will likely result in lower revenue for the beleaguered company—as it will chase customers away. The same is true in government.

Growing revenue means growing the pie—by nurturing expansion in our three most important municipal revenue sources: property taxes, sales taxes, and TOT taxes. Arts and culture programs are an important part of my strategy to grow revenue for the city.

Marketing San Diego Using “Cultural Tourism:” San Diego is a cultural destination—and its marketing should include this aspect. I will encourage the Tourism Marketing District to include cultural and arts programs in its funding priorities—but to report back ROI to the city on the associated number of visitors and revenue generated. During this period when funds are scarce, we must look for those arts and culture programs with a proven ROI net of the public investment applied. Doing so grows our revenue stream into the city—and actually helps address our financial challenges.

Capitalizing on the 100th Anniversary of Balboa Park: Balboa Park's 100-year anniversary occurs in 2015. Not only do we need to preserve this important asset as the cultural center of our city, but we must use the centennial celebration as the catalyst of setting a new vision for San Diego's role in the nation and the world. In fact, the original 1915 exposition celebrated the completion of the Panama Canal (with San Diego being the first port-of-call) and showcased all that San Diego had to offer as an emerging city. We should use this event to showcase what San Diego has to offer in the 21st century.

I realize there are some questions I'm not going into detail with this letter. I would respectfully suggest that telling you my three favorite pieces of city art, discussing my involvement in performing arts in high school, or naming the last three cultural or artistic events I've attended are nice, but will be irrelevant if we cannot address the funding pressures facing our city—and the arts and cultural community.

I look forward to working closely with the San Diego Commission for Arts and Culture. I will need your advice and counsel as we work to maximize the impact of the limited funding we have for these important programs. However, I must reiterate my sincere belief that without a real and lasting financial recovery, we cannot safeguard arts and culture programs. I ask for your commitment and support for financial recovery over the next four years.

Sincerely,



Carl DeMaio
Candidate
San Diego City Council – District 5