



CHAIRMAN'S REPORT

A Special Communication from Chairman John Hawkins
August 2004

SALUTING THE FLAG

Thank you to all who attended this year's annual Flag, General and Senior Officers Ball. Once again it was a very successful event. On the heels of the *USS Ronald Reagan's* recent homeporting at North Island, I can't say enough about our local military—and it's importance to our region. San Diego is, was and always will be a military town.

MUDD APPOINTED TO STATE BOARD

Congratulations to Vince Mudd, president and CEO of San Diego Office Interiors, on his appointment by Gov. Schwarzenegger to the State Compensation Insurance Fund Board. The board oversees the state's workers' compensation system. Keep up the great work, Vince!

NOVEMBER ELECTION

The Chamber's Board of Directors, as part of their legislative process, began reviewing initiatives on the Nov. ballot and is currently adopting formal positions to be communicated to the membership. Discussions during the July meeting focused on the "Strong Mayor" Proposal and the proposed Transient Occupancy Tax (TOT) increase.

On the matter of the proposed charter changes that would create a mayor-council form of government (Strong Mayor), the Board unanimously voted to support the proposal. The focus on accountability is strong right now and creating a structure that will give the mayor the ability to truly operate the city on a day-to-day basis while providing a direct point of responsibility for the citizens as it relates to the budget and other fiscal issues is important.

The Board heard a debate between former Governor of California, U.S. Senator and Mayor of San Diego Pete Wilson and former City Manager Jack McGrory highlighting the proposal's pros and cons.

TransNet vs. TOT? The Board stressed support for increasing the TOT to generate revenue to improve the city's public safety resources and to help the tourism industry promote the region. However, serious concern was expressed that the proposed TOT increase might potentially have a negative impact on the TransNet measure, designated as Proposition A, also on the November ballot.

Due to concern that another tax measure could hurt the chances of the TransNet extension, the Board voted to oppose any TOT measure that might appear on the ballot and stressed the need to build a coalition of support for a TOT increase - like the one that supported the March 2004 ballot measure that narrowly failed.

At an August 3 meeting, the City Council voted to place a measure on the November ballot to raise the TOT from 10.5 percent to 13 percent. If approved, it would generate about

\$28.5 million in new revenue each year that would go into the city's general fund to be spent at the council's discretion.

The TransNet extension is the business community's top priority for the election and we are focusing our efforts on getting the two-thirds support necessary to extend this critical transportation infrastructure revenue source.

The Board will continue to review measures scheduled for the ballot. Next month, the focus will center on proposed changes to the retirement board and the city's pension fund.

SCHOOL BOARD UPDATE

The Education Committee recently interviewed two candidates, Sheila Jackson and Sharon Whitehurst-Payne. Questions focused on their commitment to education reform and their contribution to education or children. Both candidates were deemed acceptable School Board members.

PEOPLE'S ORDINANCE

In 1919, the city was prohibited from collecting fees for residential refuse collection or disposal. In 2003, the Chamber formed a Public Finance Issue Team to look at new revenue sources for the city and considered the implementation of a fee for refuse collection as one way to address the city's revenue shortfall. A monthly household fee of \$10-13 would generate \$39-45 million annually.

The Board, which discussed incremental implementation and the ability of the city to outsource service, determined that:

- a. The ordinance be amended to give the city the right to collect fees for residential refuse collection in a most cost effective manner and the Municipal Code be changed to reflect these modifications.
- b. Request that the city conduct a fiscal analysis and develop a plan for how the monies will be allocated should it be implemented.

Importantly, something must be done, as San Diego currently is not in compliance with AB 939, which mandates municipalities to **reduce landfill waste by 50%**. The city currently recycles 44% of its waste and has been given until the end of 2004 to **raise that rate or a \$10,000 per day fine could be enforced.**

FAREWELL TO A FRIEND

On a very, very sad note, we have lost a dear friend and tireless community leader with the death of City Councilman Charles Lewis. He will be greatly missed by his family and friends, dedicated staff, fellow council members, community leaders and fourth district constituents he cared so much about. Charles worked closely with the Chamber on many key issues including public safety, one of his passions. His efforts to improve his district and our community-at-large will be his legacy.

Leveraging its robust membership, collaborations with other organizations and political access, the San Diego Regional Chamber of Commerce's business advocacy team initiates legislation and lobbies for policies that create a more pro-business environment.

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