

Comparative Analysis of Budget Processes of California Strong-Mayor Cities

Budget and Government Efficiency Committee
Item 1

January 10, 2024



Office of the Independent Budget Analyst



Background

- July 21, 2023: At Budget & Government Efficiency Committee, Councilmember LaCava requested a report comparing budget processes used by California Strong-Mayor cities
- November 17, 2023: IBA released report
 - City of Los Angeles
 - City and County of San Francisco
 - City of Oakland
 - City of Fresno
- Report focuses on *legislative* portion of budget process

Presentation Overview

1. Summary of Findings

- Influence on proposed budget via budget priority memos
- Length of time for budget review and number of meetings held
- Structure of budget review meetings
- How budget modifications are funded
- Additional requirements included in adopted budget

2. Policy Options

Summary of Findings – Budget Development

Budget priority memo process is unique to San Diego

- Only other city: Oakland Council sets broad collective priorities at a budget retreat and Councilmembers submit priorities, capped at 7
- Positive feature for San Diego, though unlimited number of priorities that can be included may diminish impact

Summary of Findings – Budget Review

San Diego has most days for review and is in line with peer cities on number of meetings held

Length of Time for Legislative Review of Proposed Budget and Number of Public Meetings Held

City	Release-by date of Proposed Budget	Final date to adopt budget	Total days for review*	# of Committee meetings	# of full Council or Board meetings	Total # of budget meetings
San Diego	April 15	June 15	62 days	6	3	9
San Francisco	June 1	July 31	61 days	8	1	9
Oakland	May 1	June 30	61 days	N/A	4	4
Los Angeles	April 20	June 1	43 days	8	2	10
Fresno	June 1	June 30	30 days	N/A	7	7

* Depending on when the proposed budget is released and when final adoption occurs, the total number of days for review could increase or decrease.

Summary of Findings – Budget Review *(cont'd)*

Other cities structure budget review meetings differently, and generally focus more on developing budget modifications

- Budget hearings prioritize Councilmember questions and discussion over presentations
- Procedurally, hearings are one continuous meeting on one item
- Increased use of referral response process to inform potential budget modifications
- Dedicate hearings to discuss potential budget modifications

Summary of Findings – Budget Review *(cont'd)*

Modifications funded through reducing proposed expenditures and updating revenue projections

- Los Angeles: Mayor does not release May Revise, Council updates revenues. Reallocated many proposed expenditures
- San Francisco: \$24 million in budget reductions made to fund Board priorities
- Oakland: Almost 80% of General Fund resources identified for modifications came from reductions

Summary of Findings – Budget Review *(cont'd)*

Adopted budget often includes additional requests of staff and makes funding contingent on certain requirements

- Los Angeles: Requests to report on status of various efforts
- Oakland: Various requests, including plan to increase revenue
- LA & SF: tied certain allocations of not fully developed programs to receiving reports on the use of funds
 - Similar to San Diego Council's approval of the Surveillance Ordinance World Design Capital for FY 2024

Policy Options

1. Additional time for review
 - Moving up proposed budget release date would require Charter amendment
2. Additional hearing focused on budget modifications
 - May help Council identify the most important and well-developed modifications

Policy Options

3. Use time allocated for budget hearings differently
 - Limit presentations to increase time for Council questions/discussion
 - Conduct budget hearing as a single hearing with one item to allow greater flexibility for discussion and predictability for providing public comment
 - Maximize budget referral response process to facilitate development of budget modifications earlier

Policy Options

4. Alternative funding for Council modifications
 - To the extent possible, IBA to identify additional reductions
5. Expand use of authority to make appropriations contingent on subsequent actions
6. Continue momentum to fund desired budget items by vetting and further developing them in committees

Conclusion

- Though each jurisdiction has a different budget process, our report highlights several common practices that could be further explored
- Our Office is available to further assist Council