



## THE CITY OF SAN DIEGO

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### OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

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Date Issued: November 17, 2023

IBA Report Number: 23-35

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# Comparative Analysis of Budget Processes of California Strong-Mayor Cities

## OVERVIEW

At the July 21, 2023 Budget and Government Efficiency Committee, Councilmember LaCava requested our Office to prepare a report comparing budget processes used by other California jurisdictions with a Strong Mayor form of government. This report responds to that request and includes observations from our review of the budget processes used by: the City of Los Angeles, the City and County of San Francisco, the City of Oakland, and the City of Fresno. Our Office contacted representatives from those cities for input, and would like to thank those cities, whose responses significantly contributed to this report.

The information in this report is intended to help City Council identify ways to have a stronger influence on what is included in the City's adopted budget. In addition to providing observations from our review, this report offers potential policy options. Attachment 1 to this report provides an overview of the legislative portion of each city's budget process for additional detail.

## BACKGROUND

### Strong Mayor Form of Government

A Strong Mayor form of government is characterized by an elected Mayor acting as the city's Chief Executive Officer, responsible for day-to-day city operations. Typically, a City Council acts as a legislative body, providing checks and balances to the Mayor's authority, and provides policy oversight and approval of a municipal budget. The amount of power the Mayor or Council has varies by jurisdiction. This is distinct from a Council-Manager form of government, where the city's Chief Executive is a professional position (City Manager) appointed by the City Council.

In November 2004, San Diego voters approved the addition of [Article XV](#) to the City Charter, changing the City's Council-Manager form of government to a Mayor-Council ("Strong Mayor") form of government on a five-year trial basis. On June 8, 2010, City of San Diego voters approved making the Strong Mayor form of government permanent.

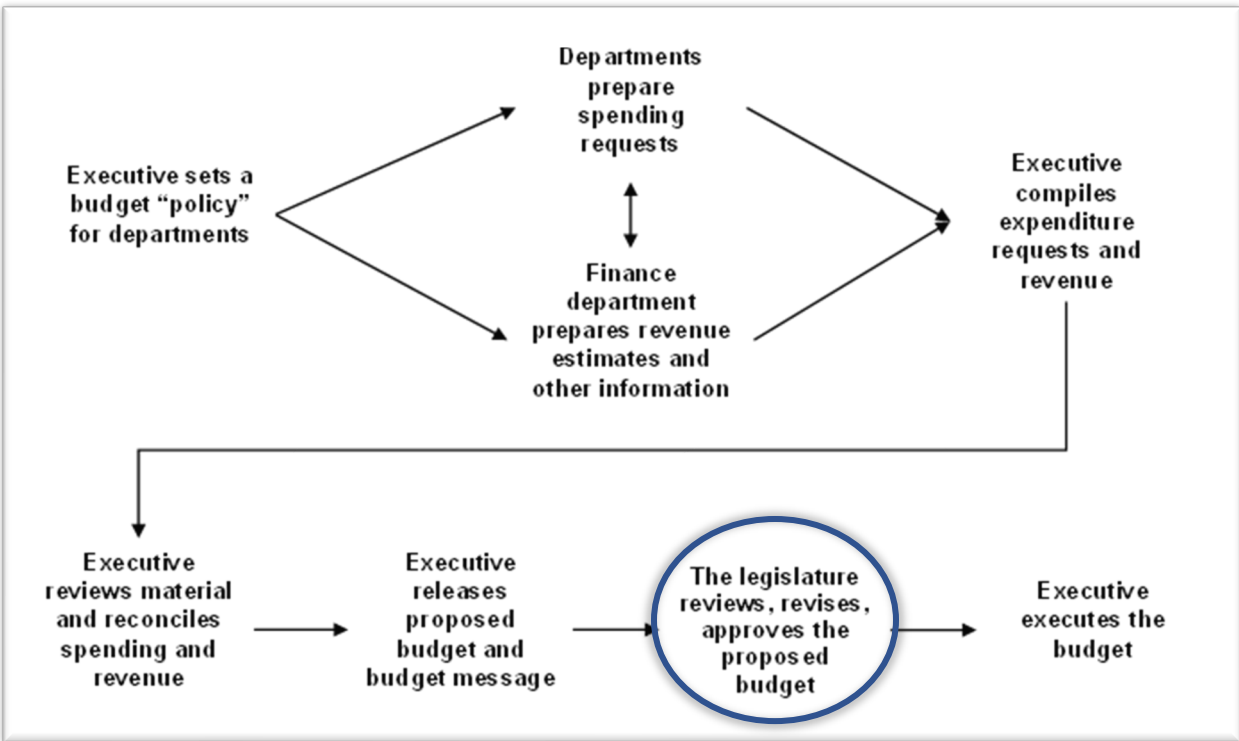
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## Overview of the Budget Development Process

Generally, the local government budgeting process, whether under a Strong Mayor or City Manager, conforms to the following stages:



Source: IBA generated based on "How Rural Local Governments Budget: The Alternatives to Executive Preparation," by A.D. Sokolow & B.W. Honadle, 1984, *Public Administration Review*, 44(5), p. 376 (<https://doi.org/10.2307/975988>).

While this overarching process is common among many jurisdictions, each has variations on how those stages are implemented. Our review is focused on the **legislative portion** of the budget process (circled above) in which the proposed budget is reviewed, revised, and approved by a legislative body. In this report, we provide observations of various budget processes in other peer cities, and present policy options for consideration. Attachment 1 of this report provides an overview of the following four areas in the cities we reviewed:

1. Whether there is a process in which the legislative body communicates its budget priorities to the Mayor prior to the release of the proposed budget
2. The main fiscal departments involved in the budget process
3. The process for reviewing the proposed budget
4. The budget recommendation and legislative adoption process

In the next section, we provide a similar overview of the City of San Diego's process as background.

## **City of San Diego**

While the City's budget process is cyclical and includes a number of steps throughout the year that ultimately feed into budget development,<sup>1</sup> key aspects of *legislative involvement* include the following.

### ***Council communication of budget priorities to Mayor prior to its development***

Council has two opportunities to formally communicate its priorities to the Mayor prior to the development of the proposed budget. In September, each Councilmember provides a memorandum articulating their budget priorities for the upcoming fiscal year to the Office of the Independent Budget Analyst (IBA). The IBA then releases a report that summarizes the priorities that received majority support from Councilmembers (five or more Councilmembers). Council considers these majority-supported priorities, and makes any desired modifications, ultimately adopting a Budget Priorities Resolution. This resolution is then transmitted to the Mayor for consideration in budget development. The same process repeats in January to provide Council an opportunity to update the Budget Priorities Resolution prior to the release of the Proposed Budget.

### ***Main fiscal departments involved in the development and review of the budget***

The City's Department of Finance, in coordination with the Mayor, develops a proposed budget for the upcoming fiscal year, which is released by April 15 per the City's Charter. Within two weeks, the IBA releases a report on the Mayor's proposed budget that provides analysis of revenues, expenditures, and individual departmental budgets, along with issues for Council's consideration.

### ***Budget review committee process***

The Council convenes a Budget Review Committee, which includes all nine Councilmembers, and conducts budget hearings over five days, reviewing each department's budget. Each department is heard as a separate item which includes a department presentation, comments from the IBA, and public comment. Councilmembers are then able to ask questions of each department. Any questions that are not answered at budget hearings are compiled by the Department of Finance, which coordinates preparation of written responses from the respective departments. These are known as "referral responses."

The Committee holds another meeting to hear the Mayor's May Revision to the Proposed Budget (May Revise). The May Revise includes updated revenue projections and adjustments to proposed expenditures. Additionally, San Diego has two evening meetings dedicated to hearing public comment on the budget. Throughout the month of May, our Office partners with Council offices to offer budget "town hall" meetings in each district to increase public awareness of, and engagement on, the proposed budget and budget process.

### ***Budget amendment process***

Towards the end of May, each Councilmember provides the IBA with a memorandum listing desired budget modifications. The IBA then reviews the memoranda and develops a report highlighting the budget modifications that received support from a majority of Councilmembers.

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<sup>1</sup> Quarterly budget monitoring reports, semi-annual CIP monitoring reports, and multi-year financial and capital outlooks, are all part of the City's budget process, but are largely driven by the Mayor and the City's operating departments.

The IBA uses these majority-supported modifications to prepare final recommended modifications to the Proposed Budget and May Revise.<sup>2</sup>

Council reviews the IBA's recommended budget modifications and considers final budget amendments on the day the budget is adopted. For the FY 2024 budget adoption, the Council approved additional expenditures beyond those recommended by the IBA, and in total made \$16.1 million in net General Fund budget modifications out of a \$2.0 billion General Fund budget (0.80%). These modifications supported Council priorities not already included in the proposed budget, such as compensation increases. The Council also made the use of \$3.5 million for the Smart Streetlights Program contingent on confirmation of compliance with the City's Surveillance Ordinance via Council approval. Per the City Charter, budget adoption is required no later than June 15.

### *Other features*

Any time after the budget has been adopted, Council requires the written recommendation of the Mayor to transfer any appropriations.

## FISCAL AND POLICY DISCUSSION

### Summary of Findings

In this section, we provide observations from our review of the budget development, review, and adoption processes of other Strong Mayor cities in California as it relates to involvement of their legislative bodies. While some practices are codified in various city's charters and municipal codes, others represent unwritten practices that nevertheless have an impact on how legislative bodies are involved in the budget.

### **BUDGET DEVELOPMENT**

**1. Few cities have a formal process to communicate legislative budget priorities to the Mayor prior to the development of the Proposed Budget. San Diego is unique in its formal budget priority memo process.**

The City of San Diego places a large focus on influencing the development of the proposed budget through Councilmembers' Budget Priority Memoranda and adoption of a Budget Priorities Resolution. As discussed above, those memoranda are submitted twice per year prior to the release of the proposed budget.<sup>3</sup>

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<sup>2</sup> The IBA's final recommended modifications generally attempt to fund all majority-supported items in modification memoranda. Because any final adopted budget must be balanced, resources for new or expanded expenditures in Councilmember modifications must be supported by new revenue or reallocations of proposed expenditures. Historically, the IBA has relied on identifying new or untapped revenue to fund Council priorities. In the most recent budget cycle, however, the IBA also recommended a reduction of \$1.5 million associated Sidewalk Vending Ordinance impounding, and \$500,000 from a proposed smart streetlights program, which provided \$2 million in additional resources for Council budget modifications.

<sup>3</sup> Budget Priorities Resolutions generally include those priorities that are covered in a majority of Councilmember memoranda, and therefore the breadth of those Resolutions varies from year to year. In recent years, the Council's priorities have been particularly well-aligned, leading to an increasing number of items included in Budget Priorities Resolutions.

The only other city we reviewed that had a process for establishing budget priorities is Oakland. Oakland’s City Council determines its collective priorities in an open meeting budget retreat, and individual Councilmember budget priorities are submitted to the administration via memos. We note that individual priorities are capped at seven, and the Council’s collective priorities, as well as individual Councilmember priorities, are generally much broader in nature than the priorities expressed by San Diego Councilmembers.

Our Office considers San Diego’s budget priority memo and resolution process to be a positive feature of the City’s budget process, and a unique way for the Council to influence development of the budget on the front end. However, because the number of priorities that Council can include in the priorities resolution is not limited, the impact of that resolution on the Mayor’s budget development may be diminished.

**BUDGET REVIEW & MODIFICATION**

**2. San Diego has more days between release of the Proposed Budget and final adoption of the budget than other peer cities, and the number of budget review meetings is in line with other Strong Mayor cities in California. The legislative bodies of some other jurisdictions, however, have longer to review proposed budgets.**

Having adequate time to review and vet budget proposals is critical for Council to have a meaningful impact when adopting a budget. As shown in the table below, of the other California Strong-Mayor cities we reviewed, San Diego has the longest amount of time between release of a proposed budget and its adoption, at 62 days.

The City of San Diego is also in line with other Strong Mayor cities in the number of budget hearings held. As shown in the table below, over the most recent budget cycle San Diego convened a total of nine times to discuss the FY 2024 Proposed Budget, just behind Los Angeles, which met a total of 10 times. This includes public hearings dedicated to receiving public comment.

**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
<b>San Diego</b>	April 15	June 15	<b>62 days</b>	6	3	<b>9</b>
<b>San Francisco</b>	June 1	July 31	<b>61 days</b>	8	1	<b>9</b>
<b>Oakland</b>	May 1	June 30	<b>61 days</b>	N/A	4	<b>4</b>
<b>Los Angeles</b>	April 20	June 1	<b>43 days</b>	8	2	<b>10</b>
<b>Fresno</b>	June 1	June 30	<b>30 days</b>	N/A	7	<b>7</b>

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

While San Diego is largely in line with other Strong Mayor cities in the state in its budget review timeline, we note a [report](#) done by San Francisco’s Budget and Legislative Analyst surveyed budget processes of 23 local governments and found that on average legislative bodies have 72 days to review and adopt budgets. Additionally, though not at a municipal level, the California

Governor releases the State’s proposed budget by January 10, giving the Legislature 156 calendar days to review and approve the budget by June 15.

### **3. Other Strong Mayor cities structure budget review meetings differently, and generally place a greater emphasis on developing budget modifications in their meetings.**

#### Managing meeting time

In our review, we noticed differences in how budget review committees were conducted, which could impact the ability of Councilmembers to get information needed to contemplate budget modifications earlier in the process. For instance, Los Angeles’ budget review committee prioritizes Councilmember questions and discussion during its budget hearings, as opposed to dedicating significant time for departments to make presentations on their operations and proposed budgets; department presentations are often skipped altogether.

#### Treating budget hearings as one continuous meeting, with the review of the proposed budget as the sole item, can provide the legislative body with more flexibility on the use of its time

From a procedural standpoint, most cities we reviewed treat budget hearings as one continuous meeting with only one item on the agenda: review of the proposed budget. Instead of adjourning at the end of each budget hearing, the meetings are recessed until the following day.<sup>4</sup> This process differs from San Diego, where the City has traditionally considered each day as its own hearing with separate agenda items and dedicated public comment time for each individual department budget. A single multi-day hearing, as used in other peer cities, could allow the legislative body to have more flexibility over its discussions and when public comment is taken.<sup>5</sup> Including additional flexibility in San Diego’s process could allow the Council to be more efficient with the limited time it has to review the budget, and could potentially provide additional predictability and clarity for public commenters as to the appropriate time to speak on the budget.

#### Increasing use of the department budget inquiry response process

San Diego has a “referral response” process in which unresolved inquiries from Budget Review Committee discussions are compiled by the Department of Finance, which then works with the respective departments to provide responses. While this process is not unique to San Diego, we note that other jurisdictions make increased use of budget inquiries to inform potential budget modifications earlier in the process. Los Angeles has a similar response process as San Diego; during its last budget process, there were 192 “budget impact memos” submitted to the budget review committee, many of which were in response to questions related to unfunded department requests and their potential fiscal impact, alternative funding options, and the feasibility of establishing programs. Los Angeles’ budget review committee also requested departments to provide written responses to certain budget-related questions prior to hearings commencing to help inform whether proposed expenditures should be kept.

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<sup>4</sup> Instead of recessing, San Francisco continues the budget item to the next budget hearing.

<sup>5</sup> We note that the City of Los Angeles sets aside certain days and specified times within budget hearings for public comment on any topic relating to the budget. Fresno allows public comment at every budget hearing but prioritizes it first before any department presentations. Fresno also limits public comment taken to those that are germane to the department budgets that will be heard on that day. San Francisco takes public comment at the end of each day during the first week of hearings dedicated to reviewing department budgets, and reserves time during its final day to take public comment on the second week of budget hearings (as opposed to taking it each day).

### Dedicated hearings for potential budget modifications

All other cities we reviewed dedicate hearings to considering modifications *prior* to the final budget adoption hearing.<sup>6</sup> San Diego's traditional budget hearing schedule does not include a meeting prior to the final budget adoption hearing to publicly deliberate on potential budget modifications. This may limit the Council's ability to fully vet and discuss potential modifications, and may result in fewer modifications being considered and accepted.

In Los Angeles, written department responses to questions that arose in the budget review committee are heard at the second-to-last meeting and are used by the committee to provide direction to its Chief Legislative Analyst on its priorities for final budget modifications. This also allows time for Councilmembers to ask follow-up questions.

San Francisco dedicates three budget hearings to reviewing potential *reductions* to each department's budget, as prepared by that City's Budget and Legislative Analyst (BLA). The committee either accepts, rejects, or modifies the BLA's recommended reductions. The savings identified by accepting reductions are pooled together to support the committee's list of budget modifications.

In Oakland, the Council President is required by its fiscal policy to prepare budget amendments, which is done in collaboration with up to three other Councilmembers. Any Councilmember, or a group of Councilmembers can also submit budget amendment packages during the budget process. The packages are discussed at an open meeting, and based on those discussions, modifications are revised and then extensively discussed and voted upon at the final budget adoption hearing.

In Fresno, Councilmembers may propose motions to amend the budget at any time during budget hearings. If a motion is seconded, it gets placed on a "motions list." Once department budget review hearings are completed, a hearing is dedicated to allowing the Council to add or amend motions, as well as to vote on which motions will be placed on a final motions list. This occurs prior to the final budget adoption hearing.

#### **4. Legislative priorities in other cities are often funded through reducing various proposed expenditures and updating revenue projections.**

Each city we reviewed has a different process for identifying resources to be used for Council modifications. However, each relied on some level of reductions to the proposed budget to provide funds to support legislative priorities.

In Los Angeles, the Chief Legislative Analyst (CLA) is responsible for developing budget modification recommendations. Because the Mayor of Los Angeles does not release a revised proposed budget (i.e. May Revise), the CLA's recommendation report includes revenue updates, which can result in additional resources to fund Council priorities. In its most recent budget cycle, the Los Angeles City Council approved net changes to the proposed budget that totaled \$81.4

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<sup>6</sup> Both Los Angeles and Oakland have practices that do not allow substantive changes to the budget to occur at the final budget adoption meeting. Los Angeles' City Council refers any motions to change the budget on final adoption day back to the budget review committee for vetting. Oakland requires substantive amendments to be published in the City Council agenda for at least three days prior to the budget's final adoption.

million out of a \$13.1 billion budget in all funds (0.62%); however, it should be noted, that net amount includes many funding *reallocations*. For instance, the Council took CLA recommendations to assume less aggressive hiring for the Police Department, reduce programs to prior year funding levels, and delete various items in their entirety. Savings from these reductions were then reallocated to Council priorities.

As previously mentioned, San Francisco's Budget and Legislative Analyst (BLA) recommends reductions to each department's budget, and if approved, the budget savings are used by its budget review committee to fund modifications. The BLA makes a range of recommendations from scaling back proposed budget increases, recommending the elimination of longstanding vacant positions<sup>7</sup>, eliminating certain requests for new equipment, reducing expenditures based on historical spending, mitigating the growth of managerial positions, and revising assumed salary expenditures based on prior and current year spending trends. The budget review committee also works with the Controller to identify additional resources through fund balances and updated revenues. After refining desired modifications, for FY 2024 the San Francisco Board of Supervisors funded \$42.2 million in General Funds towards priorities that were not included in the proposed budget, out of a General Fund budget of \$6.8 billion (0.62%). This included resources identified through budget reductions totaling \$23.7 million.

In Oakland, \$14.0 million of the \$17.9 million in General Purpose Fund resources identified for Council modifications in their FY 2024 final budget amendments came from expenditure reductions. The total FY 2024 General Purpose Fund budget is \$834.1 million<sup>8</sup>; budget modifications made up 2.2% of Oakland's General Purpose Fund budget.

Fresno did not appear to significantly rely upon expenditure reductions, but in adopting the FY 2024 budget, after refining desired modifications, the Council made a net of \$30.0 million in budget modifications in all funds, out of a \$1.9 billion budget (1.6%).

## **5. Budget adoption often includes additional requests of staff, and funding for certain items is often made contingent on additional information or program development.**

As part of budget adoption, many cities also included various requests of staff. Included in the Los Angeles City Council's approved budget for FY 2024 was a series of requests by Councilmembers to departments to report back on the status of various efforts. Oakland's Council similarly included various requests for the City Administrator when it adopted its budget for FY 2024, such as creating a plan for increased revenue generation. Los Angeles and San Francisco also placed certain allocations of yet-to-be-defined programs in an account pending reports on the policy and use of funds. Finally, for items that might not be ready for appropriations in the budget, Los Angeles Councilmembers typically either request special studies for consideration at a later date, or send requests to budget or policy committees for further review.

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<sup>7</sup> It should be noted that in San Diego, savings from eliminating longstanding vacancies may be limited, as those vacancies are generally factored into a city-wide vacancy factor for determining appropriate budgeting levels for personnel.

<sup>8</sup> Oakland has other restrictive funds that were used for Council budget modifications as well.



San Diego’s City Council recently exercised similar authority: in the City’s FY 2024 Adopted Budget, the City Council approved the use of funds for Smart Streetlights contingent upon confirmation of compliance with the City’s Surveillance Ordinance via City Council approval, and requested quarterly reporting on progress related to the World Design Capital allocation in the budget.

## POLICY OPTIONS

Based on our review, Council may wish to further explore the following items to facilitate Council having a greater influence on the final adopted budget.

- **Additional time for review**: Consideration could be given to lengthening the budget process by requiring the release of the proposed budget earlier than April 15, to provide more time for review. This would require a Charter amendment.
- **Additional hearing focused on budget modifications**: Under the existing schedule outlined in the Charter, Council could consider adding a budget hearing dedicated to considering Council budget modifications prior to the meeting at which the budget is adopted. This could include reviewing responses from department staff on questions that arose in committee, proposing amendment packages to be considered, and/or deliberating various potential budget amendments. Setting aside time to publicly vet potential modifications could allow departments to speak to their impacts and may help Council identify and adopt the most important, well-developed, and impactful modifications.<sup>9</sup>
- **Use time allocated for Budget Review Committee differently**: Council could consider restructuring the time it has to review the budget to place a greater emphasis on developing and deliberating potential budget modifications. This could include:
  - Limiting departmental presentations to maximize time for Councilmember questions and discussion.
  - Conducting budget hearings as a single continuous hearing of one item, instead of each day being a discrete hearing, to provide additional flexibility for Councilmembers in those hearings. This could offer the public greater predictability and clarity on when it can offer public comment on the budget, though Council should make efforts to ensure that opportunities for a robust public comment process remain.
  - Maximizing San Diego’s existing budget referral response process by focusing questions to department staff on informing the merits of potential budget modifications and dedicating time in committee to reviewing responses. Councilmembers could submit questions more directly related to modifications, such as those related to unfunded department requests and their fiscal impact, alternative funding options, and feasibility of establishing proposed programs. Our Office can assist in raising potential inquiries. This could allow Council to contemplate potential budget modifications earlier in the process.

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<sup>9</sup> From an implementation standpoint, in order to accommodate an additional hearing, this could require moving up the timeline for submission of Councilmembers’ final budget modification memoranda to our Office as well as the release of our final budget modification recommendations report.


- **Alternative funding for Council modifications:** In developing budget modification recommendations, our Office primarily relies on searching for additional revenue to fund Councilmember priorities. The other way to generate additional resources is to reduce costs. To the extent possible, our Office could place a greater focus on identifying possible expenditure reductions without reducing services in our review of the proposed budget so that they may be discussed in Budget Review Committee.
- **Expand use of authority to make various appropriations contingent on subsequent actions:** As part of the budget adoption process, Council could consider tying certain appropriations to subsequent follow-up actions needed for those appropriations, such as development of a spending plan or Council approval of a program that will begin mid-way through the fiscal year. This could enhance the Council's role in setting policy for spending public money as well as its oversight.
- **Continue momentum to fund desired budget items under development by vetting them in committees:** Outside the budget process, Councilmembers could continue to expand its use of committees to further vet or develop future budget proposals by working with department staff to docket relevant items. This could allow Council to clearly establish its goals and objectives for those proposals so that, if included in a future budget, the Mayor can implement them accordingly.

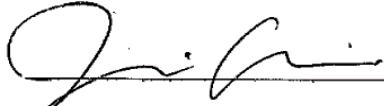
## CONCLUSION

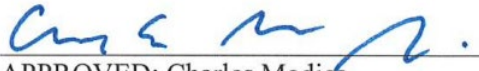
This report responds to Councilmember LaCava's request for an overview of budgeting practices and processes in other California Strong-Mayor cities. The cities we reviewed include: Los Angeles, Oakland, Fresno, and the joint City and County of San Francisco. While each jurisdiction has a different budget review process, several common practices in those cities suggest potential policy options for San Diego's City Council, including restructuring the Council's budget review hearings to allow additional flexibility and time for Council comment and discussion, having an additional meeting dedicated to reviewing potential budget modifications prior to the meeting at which a final budget is adopted, and an increased use of reallocations from proposed expenditures to Council priority programs and expenditures.

Additional details on how each city's legislative branch approaches the budget process are provided in Attachment 1 to this report.

Our Office appreciates the opportunity to review the practices of other peer cities, and is available to further assist Council in any additional examination or development of budget processes.

  
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**Attachment 1:** Overview of the legislative role in the budget processes of peer cities

## City of Los Angeles

### ***Council communication of budget priorities to Mayor prior to its development***

There is no formalized documentation of Council priorities. However, the Mayor's Office informally solicits feedback from Councilmembers regarding the budget. Since this is an informal process, the level of engagement will vary year to year at the discretion of the Mayor.

<b><i>Quick Facts</i></b>	
Budget Process	Annual
Legislative Branch	15 Councilmembers
Time for Legislative Review of the Proposed Budget	43 days
Total Number of Legislative Meetings for the FY 2024 Budget	10

### ***Main fiscal departments involved in the development and review of the budget***

The City Administrative Officer (CAO) is the financial advisor to both the Mayor and the City Council and assists the Mayor's Office in developing the proposed budget, which is released by April 20. The CAO also directs the administration of the budget after it is adopted. Within a week of the release of the proposed budget, the Chief Legislative Analyst (CLA) releases a report providing an overview of the proposed budget for the Council. The CLA's role is to support the City Council in arriving at sound public policy by providing technical and policy analysis on issues before Council, including the budget.

### ***Budget review committee process***

An in-depth review of the proposed budget is conducted by the Council's Budget, Finance and Innovation Committee (Committee), which includes five of the Council's fifteen Councilmembers. The budget review consists of public hearings with department managers and staff, the CAO, and the CLA. For the FY 2024 budget, the Committee convened eight times over three weeks in April and May. These meetings included: one evening meeting dedicated to public comment; five days to review departmental budgets; one day to provide direction to the CLA on the Committee's priorities; and one day to consider and deliberate the CLA's recommendations.

Councilmembers not sitting on the Committee send letters to the Committee raising issues for consideration. Departments with unfunded requests can also submit letters to the Committee asking that those requests be reconsidered.

Similar to San Diego's process, unresolved inquiries stemming from the Committee are compiled by the CAO, who works with the respective department to provide responses through Budget Impact Memoranda. During the most recent budget process, 192 were memos submitted to the Committee, many of which were in response to questions related to unfunded department requests, alternative funding options, and the feasibility of establishing programs. The responses are heard at the Committee's second-to-last meeting when the Committee provides direction to the CLA regarding its priorities for modifying the budget. If an issue requires more study, the Committee can request a special study so that it can be considered at a later date.

From a procedural standpoint, the Committee prioritizes time for Committee members to ask questions, and often minimizes or even skips presentations from departments. Additionally, the Committee sets aside specific days for public comment over the course of the hearings, as opposed to having public comment after each department review. Budget hearings are considered to be one

continuous meeting with one agenda item – consideration of the proposed budget – which provides greater flexibility when public comment is taken. When the Committee stops for the day, it takes a recess as opposed to adjourning.

***Budget amendment process***

The CLA uses information from Committee meeting discussions, communications with Councilmembers on their priorities, and their own research to produce a budget modification recommendation report. Unlike San Diego, the Mayor of Los Angeles does not release a May Revision to the Proposed Budget. Instead, revenues are updated in the CLA’s recommendation report, which can result in the identification of additional resources to fund Committee priorities.

At the Committee’s final budget hearing, the CLA presents its budget recommendations, giving Committee members the ability to discuss them and consider amendments. The Committee then forwards its recommended budget to the City Council. The Council holds two hearings on the proposed budget, one for public comment and the other to approve the budget. Councilmembers may make motions supporting additional items not included in the Committee’s recommendation during the final Council budget hearing. These additional items, however, are typically sent to a budget or policy committee to be vetted and not included in the final budget.

To preserve the Council’s role in developing and establishing City policy for programs that are not fully defined, some allocations in the recently adopted budget were placed in an Unappropriated Balance, which requires both Mayor and Council approval to spend, pending reports on the policy and uses of those funds. Also included in the adopted budget were a series of requests to staff to report back to various committees on the status of various efforts and programs. The budget must be adopted or modified by June 1.

***Other features***

Throughout the fiscal year, various revenue and expenditure changes are made to the adopted budget through Council action via quarterly financial status reports prepared by the CAO or motions and/or reports with funding recommendations, all of which require Council and Mayor approval.

## City and County of San Francisco

### ***Board communication of budget priorities to Mayor prior to its development***

On an annual basis, the City and County of San Francisco prepares a budget that covers a period of two years. The Budget and Appropriations Committee can hold meetings prior to or after the release of the Mayor's proposed budget to discuss issues and communicate priorities. Though not required by San Francisco's Administrative Code, the Board of Supervisors may adopt a resolution articulating budget priorities, and has done so several times in the past. In discussions with staff from San Francisco, it was noted that this typically does not have a significant impact on budget development and is considered largely ceremonial. However, the Mayor is required by the Charter to prepare a list of budget priorities that will guide the proposed budget.

<b><i>Quick Facts</i></b>	
Budget Process	Annual
Legislative Branch	11 Supervisors
Time for Legislative Review of the Proposed Budget	61 days
Total Number of Legislative Meetings for the FY 2024 Budget	9

### ***Main fiscal departments involved in the development and review of the budget***

There are three main fiscal departments involved in the budget process. The Office of Finance and Public Policy is the Mayor's Budget Office, which prepares budget policy instructions for departments, reviews their requests, and prepares the proposed budget. The Controller serves as the Chief Financial Officer and functions as a budget manager in a technical, non-policy role, and ensures that the budget is balanced. The Controller serves both the Mayor and the Board of Supervisors. Finally, the Budget and Legislative Analyst (BLA), a function outsourced to a private firm, provides support for the Board of Supervisors.

The Mayor submits the annual Proposed Two-Year Budget to the Board of Supervisors by June 1. We note that most departments will have the second year of their proposed budget reconsidered the following year, though enterprise departments are generally fixed to their second-year budget with limited ability for changes.

### ***Budget review committee process***

An in-depth review of the proposed budget is conducted by the five Supervisors that sit on the Budget and Appropriations Committee (Committee). The remaining six Supervisors not on the Committee may join Committee meetings but may not cast a vote.<sup>1</sup> Once the proposed budget is released by the Mayor, the Committee holds budget hearings for two weeks in June: the first week (three days) is used to review department budgets and the second week (another three days) is used to review the BLA's recommendations for department budget reductions and to ask departments if they agree with those reductions. If there is a disagreement, the Committee discusses the matter before making a final determination on those reductions.

One Committee hearing is specifically dedicated to hearing public comment on the budget. We note that public comment for the first week of budget hearings is taken at the end of each day and

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<sup>1</sup> San Francisco's Board President may designate Supervisors not part of the Committee temporary membership, thus allowing those Supervisors to vote in Committee. Staff notes that this rarely occurs, however.

public comment for the second week is reserved for the final public hearing.<sup>2</sup> After the meeting dedicated for public comment, the Committee holds another meeting to resolve any outstanding recommendations and to finalize revisions to the Mayor's Proposed Budget, which is discussed further below.

### ***Budget amendment process***

As previously noted, the second week of San Francisco's budget hearings is dedicated to reviewing the BLA's recommended reductions to each department's budget. The BLA's recommendations are meant to identify savings without reducing services, and are typically relatively small in proportion to departments' overall budgets. The BLA also puts forward policy recommendations that are meant to call attention to new programs, significant expansion of existing programs, and other expenditures that are considered policy matters for the Committee to consider. The identified savings from accepted BLA recommendations, as well as savings identified by Committee members themselves and other last-minute adjustments made by the Controller's Office, are pooled together to support the Committee's list of budget modifications (referred to as "add backs").

The Committee then produces a *preliminary* list of add backs; for FY 2024 these totaled almost \$75 million in General Funds. The Committee uses its final budget meeting to arrive at an agreement with the Mayor on a final list of amendments. Though the Committee is in session, these discussions are held while the Committee is in recess, with updates provided intermittently by the chair. The *final* list of add backs in FY 2024 was refined down to about \$42 million in General Funds. In the most recent budget process, the Committee also recommended tying the expenditure of several allocations to the receipt of a detailed spending plan or scope of work for various projects.

Once the Committee's recommended budget goes to the full Board, changes to the budget are not typical. Any change would require majority agreement from the Board. Final passage by the Board must occur by August 1.<sup>3</sup>

### ***Other features***

The Board of Supervisors can pass increases to the adopted budget through supplemental appropriations, which can be initiated by the Mayor, the Board of Supervisors, or other city departments.

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<sup>2</sup> Along with reviewing departments' budgets, the Committee also considers other requests by departments ("trailing legislation") such as amending the code, adjusting fees, and accepting grants. Public comment is taken on all trailing legislation.

<sup>3</sup> San Francisco's City Charter requires the Board of Supervisors to vote on the budget twice between July 15 and August 1. Changes to the budget were not made at either hearing (July 18 or July 25) in the most recent budget process.

## City of Oakland

### ***Council communication to Mayor on budget priorities prior to its development***

In contrast to Los Angeles and San Francisco, Oakland has a two-year budget cycle rather than an annual cycle.<sup>4</sup> Every other year, Oakland’s City Council holds a budget retreat in March with the Mayor, marking the beginning of Council’s role in the budget.

This is an open and public, offsite Council meeting that is used to determine the Council’s collective priorities which are much broader in nature than those expressed in San Diego’s Budget Priorities Resolution, as they center around the Council’s values and goals as opposed to specific budget items. The retreat operates more like a workshop in which discussion is guided by a facilitator, which is a unique feature among the budget processes we reviewed. Councilmembers then send up to seven of their individual budget priorities to the Mayor and City Administrator. Both Council and individual Councilmember priorities are heard and approved at a separate City Council meeting so that they may be considered by the Mayor for inclusion in the proposed budget.

<b>Quick Facts</b>	
Budget Process	Biennial
Legislative Branch	8 Councilmembers
Time for Legislative Review of the Proposed Budget	61 days
Total Number of Legislative Meetings for the FY 2024 Budget	4

### ***Main fiscal departments involved in budget process***

Oakland’s Finance Department serves the Mayor, Council, and City Administrator. This is an impartial office that assists the Mayor in developing a balanced proposed budget and the Council in adopting a balanced budget. The City Administrator is responsible for implementing the budget and ensuring the goals and policy directives of the Mayor and City Council are implemented. The Mayor must release a balanced Proposed Biennial Budget by May 1.

### ***Budget review committee process***

Oakland’s full City Council reviews the proposed budget, rather than first sending the proposed budget to a committee for review. For the FY 2023-2025 budget, the Council held one meeting for the presentation of the proposed budget, and one meeting to review department budgets and request follow-up responses. Similar to San Diego, Oakland holds Community Budget Forums in Council Districts during the month of May.

### ***Budget amendment process***

As outlined in [Oakland’s Consolidated Fiscal Policy](#), the Council President is required to prepare a proposed budget<sup>5</sup> for consideration to be heard by June 17, but any Councilmember or group of Councilmembers may submit proposed budget amendments during the budget process. For the FY 2023-2025 budget, the Council President formed a team of four Councilmembers (so as not to conflict with Brown Act open meeting laws) to develop proposed budget amendments, referred to as an amendment packet. Other Councilmembers proposed separate amendment packets.

<sup>4</sup> Like San Francisco, Oakland has a two-year budget, comprising of two one-year spending plans. However, Oakland’s “midcycle” review, or the second one-year spending plan, follows an abbreviated process whereas San Francisco’s budget process repeats in the second year for many departments.

<sup>5</sup> In practice, Oakland’s Council President prepares budget amendments, as opposed to formulating a new proposed budget.



Councilmembers may combine elements from different amendment packets in the final budget adoption. The Finance Departments assists the Councilmembers in costing budget amendments.

Budget amendment packets were heard at a Council meeting, providing an opportunity to further vet issues and publicly negotiate budget modifications. Councilmembers are required to submit updated budget amendments to the Clerk ahead of the final budget adoption hearing where they will be debated. This requirement is in line with Oakland's Consolidated Fiscal Policy prohibiting substantive amendments from being made on the floor by Councilmembers at the final budget adoption meeting and that amendments be published and available to the public prior to the final meeting.

During the final budget adoption hearing, Councilmembers deliberate on amendments extensively, typically using the Council President's amendment packet as the base recommendation. Additional amendments can be made as long as the budget is balanced at an individual fund level. For illustrative purposes, Oakland's FY 2024 final budget amendments included the identification of \$17.9 million in General Purpose Fund revenue (approximately \$4.0 million in increased revenue and \$14.0 million in expenditure reductions) to fund Councilmember budget modifications. The total FY 2024 General Purpose Fund budget is \$834.1 million. Oakland has other restrictive funds that were used for Council budget modifications as well.

As part of budget adoption, Oakland's Council also included various "Budget Policy Directives" which directed the City Administrator to, among other things: develop a framework for equitable service delivery; provide a status report on the "Vacancy Strikeforce" targeting certain departments with large vacancy levels; conduct a staffing and resource analysis of the Oakland Police Department; and create a plan for increased revenue generation.

The Council must adopt the budget by June 30. Although Oakland has a Strong Mayor form of government, it has Council-Manager elements, such as the Mayor having no veto power over the Council's budget actions.<sup>6</sup>

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<sup>6</sup> The Mayor can provide a vote at Council to break ties, however.

## City of Fresno<sup>7</sup>

### ***Council communication to Mayor on budget priorities prior to its development***

There appears to be no formal communication (through public hearings or written memoranda) between the City Council and the Mayor regarding Council budget priorities.

<b><i>Quick Facts</i></b>	
Budget Process	Annual
Legislative Branch	7 Councilmembers
Time for Legislative Review of the Proposed Budget	30 days
Total Number of Legislative Meetings for the FY 2024 Budget	7

### ***Main fiscal departments involved in budget process***

The Budget and Management Studies Department (BMSD) develops the City’s annual budget with the Mayor, City Manager, and all city departments. The proposed budget must be released at least 30 days prior to the beginning of the following fiscal year. For FY 2024, the Mayor released a proposed budget on May 18. The City Manager administers the budget once it has been adopted.

### ***Budget review committee process***

Rather than sending the proposed budget to a committee, Fresno’s full City Council reviews the proposed budget over a one-week period in the month of June, during which each department’s budget is discussed. For the FY 2024 budget, Fresno held one meeting for the Mayor to present the proposed budget and four subsequent meetings to review City departments’ budgets. Budget hearings are considered to be one continuous meeting. Public comment is taken at the beginning of each budget day and must pertain to the departments that will be discussed that day. Councilmembers may propose motions to amend the budget at any time during the budget hearings. Motions that are seconded, or supported by another Councilmember, are compiled by the BMSD and placed on a “motion list.”

### ***Budget amendment process***

After department budget hearings are completed, another public hearing is held to allow Council to add or amend motions and vote on which motions should be placed on the final motions list. All approved motions are then costed by the BMSD. If the cost of the approved motions causes a deficit in the General Fund, the Council’s Budget Subcommittee (composed of three Councilmembers, including the Council President) negotiates a resolution with the Mayor to reconcile the difference and reestablish a balanced budget. We note that since the Budget Subcommittee is composed of less than a quorum of the Council, it meets informally and is not subject to the Brown Act’s public meeting requirements. In order to achieve a balanced budget, not all motions are included in the proposal. For instance, the Council adopted 120 motions for the FY 2024 budget, which would have led to a deficit of roughly \$150 million before they were reduced by the Budget Subcommittee to arrive at a balanced proposal. The Council votes on the Budget Subcommittee’s proposal at a budget hearing the following week. In FY 2024, Fresno’s Council approved a balanced budget that included a net of \$30 million in modifications across all funds to support Council priorities out of a \$1.9 billion budget. The Council must adopt the budget by June 30.

<sup>7</sup> Information for the City of Fresno is taken solely from public documents and public hearings. Our Office was unable to interview City of Fresno staff.