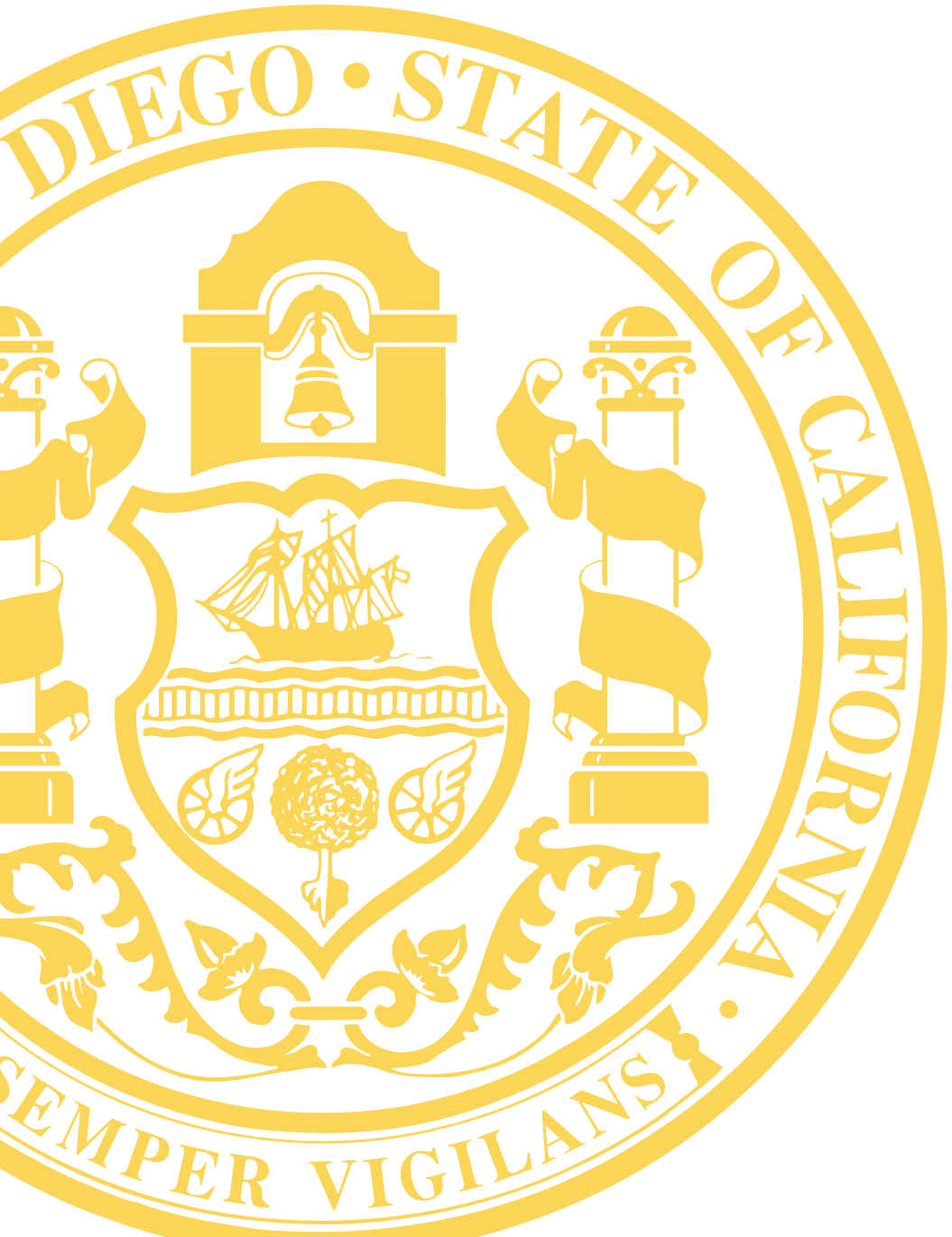


TRANSITION TO STRONG MAYOR



Transition to Strong Mayor

In the November 2004 election, the voters of San Diego approved a change in the City's governance structure from a City Council-Manager form to a Mayor-City Council form, also known as a Strong Mayor form of governance. The change will take place on a five-year trial basis beginning on January 1, 2006 and ending December 31, 2010, after which voters will decide whether or not to make the shift permanent.

Under the new structure the Mayor becomes the City's Chief Executive Officer and assumes the authority and responsibility currently held by the City Manager. The City Council acts as the legislative body, providing checks and balances to the Mayor's new authority. Under the new system, the City Council selects a Presiding Officer of the City Council and may create new committees. The City Council will also appoint an Independent Budget Analyst to review and provide budget information to the City Council, independent from the Mayor. The City Council also added a new independent legislative analysis function.

Under this new form of government, the Mayor is responsible for preparing the annual budget for the City Council's consideration and adoption. The Mayor must propose the budget and make it available for public review no later than April 15. Prior to June 15, and after at least two public hearings have been held, the City Council will be required to pass a resolution that either approves or modifies the budget submitted by the Mayor. The City Council's modifications may call for adding new items or increasing or decreasing any item.

If the budget is modified by the City Council, it will be returned to the Mayor, who may approve, veto, or modify any line item approved by the City Council. The City Council shall thereafter have five business days to override any vetoes or modifications made by the Mayor. Any item that was vetoed or otherwise modified by the Mayor will remain as such unless overridden by the vote of at least five members of the City Council.

Once the City Council approves the budget, either as originally proposed by the Mayor or after consideration of any Mayoral vetoes or modifications, it shall become a controlling document for preparation of the Annual Appropriation Ordinance for the next fiscal year.

During the transition planning process it was acknowledged that additional funding would be needed to establish the City Council's new Independent Budget Analyst office and a new Legislative Analysis function for the last half of the fiscal year - from January 1, 2006 to June 30, 2006. The Annual Fiscal Year 2006 Budget reflects the amount allocated towards these new functions. Any additional expense adjustments to include these new functions will be addressed in future budget years.