

OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

Date Issued: October 8, 2007

IBA Report Number: 07-97

City Council Docket Date: October 9, 2007

Item Number: 330

Subject: Additional Information Regarding Budget Committee Actions Related to the Proposed Amendment to Statement of Fiscal Year 2008 Budgetary Principles

OVERVIEW

On July 23, 2007, the City Council adopted the Statement of Fiscal Year 2008 Budgetary Principles, which focuses on setting budgetary operating principles, establishing budget authority regarding service levels, and enhancing communication on management issues between the executive and legislative branches for Fiscal Year 2008.

On September 12, 2007, the Budget and Finance Committee reviewed the proposed amendment to the Statement of Fiscal Year 2008 Budgetary Principles to incorporate a cumulative cap on reductions of 3% to the General Fund, and also to other Major Funds, which were defined as the Water and Sewer Funds.

During the committee discussion, Councilmember Frye requested the addition of the Development Services and Airports Funds as other Major Funds to be subject to the 3% cap. In addition, it was requested that the time frame for notification to the City Council be more specifically defined than “as soon as practicable.”

The IBA previously issued IBA Report Number 07-94 on 9/25/07, entitled “Proposed Amendment to Statement of Fiscal Year 2008 Budgetary Principles”. This report is intended to provide additional information and to clarify the Budget Committee’s actions related to notification of the City Council, when the 3% cumulative cap of budgetary reductions is reached. The IBA is providing two options for the notification process for the City Council to consider.

FISCAL/POLICY DISCUSSION

The Statement of Fiscal Year 2008 Budgetary Principles presented to the Budget Committee stated that the “Mayor provide written notice to the Council as soon as practicable when the cumulative amount of Fiscal Year 2008 budgetary reductions

