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## OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

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**Date Issued:** January 11, 2008

**IBA Report Number:** 08-04

**City Council Date:** January 14, 2008

**Item Number:** 601

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# Charter Revision Proposals

## OVERVIEW

In April 2007, the Mayor's Charter Review Committee was formed and began meeting to address modifications that may be needed in the City's Charter to implement specific reforms related to finances, roles of elected officials, and the Strong Mayor form of government. Their final report was issued on October 4, 2007, including 11 recommendations to be placed on the ballot in 2008.

The proposals were considered by the City Council's Rules Committee as well as the Budget & Finance Committee (Balanced Budget Proposal) and Audit Committee (Audit Committee and City Auditor Proposals). All committees forwarded the items to the City Council and these proposals are before the City Council for discussion and public hearing on January 14, 2007.

The IBA provided a review of many of the recommendations in our Report 07-102 (attached), certain items of which we will highlight in this report. In addition, a memorandum has been released by Council Members Peters, Faulconer and Madaffer with a package of recommendations to be proposed to the City Council at the hearing. This report will also review certain of those proposals in relation to the IBA's positions.

## FISCAL/POLICY DISCUSSION

The IBA wishes to reiterate our support for the proposals made by the Charter Review Committee, and the three Council Members in their January 11 memo, inasmuch as they are the same, for the Balanced Budget (p. 5 of our attached report), Chief Financial Officer (p. 4), and Audit Committee/City Auditor Proposals (p. 4). With respect to the Audit Organization proposals, they are consistent with those the IBA has proposed since

our response to the Kroll Report nearly 18 months ago, and we continue to find it a model that is accepted in best practices and suitable for implementation in San Diego. Most critically, it ensures adequate independence from management through the legislative appointment of all members of the Audit Committee, the involvement of the City Council and Audit Committee in appointment of the City Auditor, the establishment of the reporting relationship between the City Auditor and Audit Committee, and the right of termination vested in the Audit Committee and the City Council.

The IBA notes that we expressed concern about the Charter Review Committee's Sunset Revision proposal (p. 2 of the attached report), since it continued to call for a trial period of the Strong Mayor form of government, but provided for automatic permanence in 2014. As we stated then, it would be more appropriate to provide for automatic placement of the question on a ballot, if the continuation or extension of the trial period is desired. The proposal of the Council Members does provide for automatic placement on the ballot in June 2010, which would precede the current sunset of the form of government, and is consistent with the five year trial period the citizens voted on.

With respect to the veto override amendment, the IBA previously commented on the high override thresholds that would be required if the Committee's proposal were implemented with eight Council Members (p. 3). The proposal includes an override requirement of six of eight votes which is  $\frac{3}{4}$  or 75% for standard items and an override requirement of seven of eight votes, or 88%, for supermajority items. The Committee addressed this by suggesting that the expansion of the Council should be done as soon as practicable, which would then result in reducing the override requirements below that unusually high threshold that would exist on an eight-member Council. As we remarked in our previous report, these thresholds would be unique among cities studied and the veto override requirements would be more consistent with national practices if implemented for a larger City Council. The proposal by the Council Members supports the veto override amendment for those items requiring only a majority vote, but not for supermajority items. While this veto override would be implemented on an eight-member Council initially, their proposal also includes a future vote to expand the City Council to nine members, which would allow for the more standard  $\frac{2}{3}$ , or 67%, veto override.

The Committee also made a proposal for the IBA that would codify our office's role relative to budget and legislative analysis, which we support. In addition, the three Council Members have included a proposal that would make permanent the Office of the IBA, recognizing the value of such an office regardless of the form of government. As we stated in our October 2007 report (p. 4), we support the permanency of this office as well and thus recommend both proposals to the City Council for approval.

## CONCLUSION

The IBA continues to support the charter amendments on Balanced Budget, Chief Financial Officer, and Audit Committee/City Auditor, as well as the proposal for the Office of the IBA as proposed by the Charter Review Committee and the Council Members. The IBA had previously suggested automatic placement on the ballot for a vote to make permanent the form of government. This is found in the proposal of the Council Members, but not the Committee. Finally, we concur with the Council Members' position that the higher veto override threshold for supermajority items is undesirable, and concur with both proposals to hasten the expansion of the Council to make the threshold for standard items more in line with national practice.

**[SIGNED]**

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Penni Takade  
Deputy Director

**[SIGNED]**

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APPROVED: Andrea Tevlin  
Independent Budget Analyst

Attachment