

OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

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Budget & Finance Committee Agenda Date: October 18, 2006

Item Number: 4

Subject: Authorization Process and Policy for Current Year Budget Changes

In recent weeks, it has been brought to the attention of the IBA and the City Council that budget and policy changes have been implemented without City Council notification or approval. As the City continues to work through the practical implications of our new form of government, we must not lose sight of what constitutes good government in general. In any form of government, there must be strong communication and transparency in order to transact the business of the people.

The Annual Budget is a contract between the City Council and the Mayor. The Mayor proposes the budget, the City Council approves spending policies, and then the Mayor executes those policies in good faith. Budget and policy changes should always be brought forward to the City Council. Currently, actions and proposals are often being communicated to the City Council at the last minute and without public discussion. Some are not being communicated at all. And, at times, public reports are not being made available, as was the case with the Mayor's recent budget changes. Regardless of the authority level required to make these changes, not notifying or discussing them with the City Council lacks transparency and courtesy. The City Council is often the first line of contact for citizens seeking information or expressing their opinions. Therefore, it is critical that the City Council be apprised and consulted when changes are made to their budget. If the City Council is not well-informed, the public is not well-served.

The IBA strongly encourages this organization to truly implement the transparent operations that have been talked about and promoted since the transition to our new form of government. Going forward, it is critical that all actions that have budget, service level or policy impacts must be communicated openly to the legislative branch and the public in a timely manner. Good government cannot be legislated through ordinances and resolutions. This organization must implement a culture of communication and transparency to most effectively serve its citizens.

In order to assist all parties in developing this culture of transparency and openness, the IBA has attached a proposal for action. We believe this will enhance a common

understanding of the expectations for good government. For instance, we believe it is valuable to utilize the quarterly budget reports to communicate recommended budget changes. We have worked with the CFO and the Financial Management Director to incorporate further detail in the budget to document the City Council's adopted budget actions and priorities. And we suggest further clarifying language in the FY 2008 Appropriations Ordinance and a "Change Letter" as further documentation of Council budget actions.

RECOMMENDATION

The IBA recommends that the Budget Committee and the City Council communicate its expectations for transparent and open government as well as support the proposal attached hereto to enhance and comply with the budgeting authority of the legislative body.

[SIGNED]

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[SIGNED]

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Attachment