

OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

Date Issued: November 13, 2006

IBA Report Number: 06-55

Item: Fiscal Year 2008 Budget Development and Public Input Process

The purpose of this report is to propose a budget development and public input process for Fiscal Year 2008 that meets legal requirements of the City Charter and provides opportunity for public input on the proposed budget prior to its adoption. Once the City Council approves this process, there will be extensive public notification about the specific budget calendar so that citizens are fully aware and can plan to participate.

OVERVIEW OF BUDGET PROCESS IN STRONG MAYOR FORM OF GOVERNMENT

Under the City's Strong Mayor form of government, the Mayor is responsible for developing and proposing a balanced budget to the City Council by April 15th of each year and making it available to the public at this same time. The City Charter requires the City Council to hold a minimum of two public hearings prior to June 15th of each year to consider the budget submitted by the Mayor. Also prior to June 15th, the Council must pass a resolution either adopting the Mayor's budget as submitted or modifying it. The Council may call for adding new items or for increasing or decreasing any item.

If the Council modifies the Mayor's budget, the Council returns the budget to the Mayor "as soon as practicable." The Mayor has five business days from receipt of the Council changes to approve, veto or modify any line item approved by the Council and resubmit the budget to the Council. The Council then has five business days to take action to override any vetoes or modifications made by the Mayor. Five votes of the Council are required for this override action.

PROPOSED PROCESS FOR FISCAL YEAR 2008 BUDGET

The proposed budget process for Fiscal Year 2008 will span January through July. The proposed schedule for consideration of the Mayor's budget is consistent with the process used for the Fiscal Year 2007 Proposed Budget. Two distinctions from the Fiscal Year 2007 process include the IBA's recommendation to build in an additional week for Council and Committee hearings and the inclusion of the Capital Improvements Projects Budget (CIP) and Redevelopment agencies in the process. The additional week will allow more time for in-depth budget discussions and permit the Mayor's Office to make thorough responses to Council requests for information. This extends the schedule but complies with the Charter's requirement that Council pass a budget resolution by

June 15th (Section 290(b)). Including the CIP budget and Redevelopment agencies as part of the general budget process will enable the Council to receive a comprehensive view of all proposed budget components.

Additionally, this schedule proposes a single date of May 16th for submission to the IBA of all revisions/corrections proposed by the Mayor, similar to the Governor's May Revise, which is released on May 15th of each year. This corresponds with the date that Council members' budget priority memoranda are due to the Council President. These two documents, along with further IBA analysis, will form the basis for the IBA's final recommendations to Council on the FY08 budget.

Attachment A presents the complete calendar for the budget process for the months of January through July.

CONCLUSION

The IBA believes that this schedule will ensure a successful budget process in Fiscal Year 2008.

[SIGNED]

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Attachment A: Proposed Budget Calendar for January-July