



THE CITY OF SAN DIEGO

OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

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Item Number: 602

City Council Override of Mayor's FY 2018 Budget Veto

OVERVIEW AND DISCUSSION

On Friday, June 9, 2017, Mayor Faulconer vetoed several of the City Council's final FY 2018 budget actions which were approved on Monday, June 5, 2017 with an 8-1 vote in favor. The City Council may override the Mayor's veto with a two-thirds vote. San Diego Charter Section 69(h) further states:

“In voting to override the actions of the Mayor, the Council may adopt either an amount it had previously approved or an amount in between the amount originally approved by the Council and the amount approved by the Mayor”

Changes made to the budget by the City Council in a veto override action are limited to items that are vetoed or modified by the Mayor. New or different modifications cannot be considered and the changes must result in the budget remaining balanced. The table in Attachment 1 compares the final budget actions approved by the City Council on Monday, June 5, 2017 to the results of the veto actions and modifications made by the Mayor on Friday, June 9, 2017.

If the City Council does not override the Mayoral veto, the budget as vetoed becomes the adopted budget. This budget would include the Mayor's \$5.0 million allocation for a special election included in his veto actions, although based on yesterday's majority Council vote to not hold a special election in November 2017, the \$5.0 million will fall to fund balance. Depending on FY 2018 budget conditions, the FY 2018 Mid-Year Budget Monitoring Report is the next opportunity for the Mayor to recommend allocation of fund balance. If he does so, the Council can modify or approve the Mayor's recommendations.

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If the Council votes to override the Mayor's veto in its entirety, funding could fully revert to Council's final budget actions of June 5, 2017.

If the Council does not support a full override, our Office recommends consideration of a partial veto in order to restore the following Mayoral budget reductions totaling **\$740,881**:

- Council District 3, CPPS program reduction: **\$315,196**
- Council District 1, CPPS program reduction: **\$265,584**
- Council District 3, 3.5% operating budget reduction: **\$47,761**
- Council District 1, 3.5% operating budget reduction: **\$46,254**
- Homelessness Committee consultant: **\$66,086**

To ensure that the budget remains balanced, our Office suggests the above restorations could be funded with a combination of remaining Excess Equity and reallocation of Mayoral budget modifications as shown below, for a total of **\$740,881**. Other Mayoral line items in the veto could also be considered as long as they provide sufficient funding for Council restorations.

- Reallocate funding for City Attorney's Office: **\$500,000**
- Reallocate funding for Housing Commission Homeless Prevention and Diversion program: **\$66,086** (to fund Homelessness Committee consultant)
- Use of remaining Excess Equity: **\$174,795** (of \$215,000 available)

Mayoral reductions to City Council operating and CPPS budgets are not a sound action or a good precedent. These reductions could introduce an imbalance of budget authority into the Strong Mayor/Strong Council form of government, and possibly impede Councilmembers' ability to equitably and adequately represent their constituents. The Strong Mayor/Strong Council form of government, which was implemented in January 2006, focused on the Legislative and Executive branches being separate but equal with their respective duties defined by the City Charter and numerous important checks and balances. Under the City Charter, oversight of the budget process was carefully laid out as a shared responsibility and has worked relatively effectively for the past 11 years.

Council District budgets are essential to the members of the Legislative branch being able to carry out their responsibilities per the Charter. Unless citywide reductions are necessary due to a budget shortfall, all Councilmembers need to know that their budgets are secure for the fiscal year and that they can program funding accordingly to meet the needs of the residents of their communities.

The City Attorney's Office and several other independent departments also exist as important checks and balances in the Strong Mayor/Strong Council form of government. Their ability to operate independently without concerns about impacts to their budgets, is vital as well.

CONCLUSION

On June 13, 2017, the City Council will be asked to take action on the Mayor's budget modifications taken on June 9, 2017. The Council may approve the Mayor's modifications,

override the modifications and return to the FY 2018 Budget approved by the City Council on June 5, 2017, or otherwise modify those items that were vetoed or modified by the Mayor.

The IBA recommends that if the City Council does not support a full override of the Mayor's budget modifications, that they consider a partial veto totaling **\$740,881**, in order to restore Council resources that support an effective Strong Mayor/Strong Council form of government.



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Attachments: 1. FY 2018 Budget: Council Approved June 5 and Mayoral Veto/Budget Changes June 9.

FY 2018 Budget		
Description	Council Approved June 5	Mayoral Veto/ Budget Changes* June 9
Budget Revisions		
Police Department overtime for staffing ¹	\$ 3,000,000	\$ 3,000,000
Police Department Retention Program for implementation	3,000,000	4,000,000 *
Qualcomm Debt Service Payment ²	2,100,000	2,100,000
Increase to Commission for Arts & Culture funding	1,842,000	1,842,000
Homeless Prevention and Diversion	1,000,000	1,000,000
Qualcomm Debt Service Payment ²	1,000,000	1,000,000
Restoration of tree trimming	881,746	881,746
Funding for expansion of the Get it Done application³	500,000	- *
Rape Kit Testing	500,000	500,000
City Attorney's Office funding (homelessness, CAP)	-	500,000 *
Bay Bridge Community Center Roof Coverings	413,000	- *
Police Department NPE - facilities improvements	-	413,000 *
Police recruitment and retention marketing	350,000	350,000
Restoration of 2.00 Code Compliance Officers ⁴	203,000	203,000
Community Choice Energy Program (next phase)	200,000	- *
CAP tree planting services	-	200,000 *
Police Department AB 953 implementation	200,000	200,000
Summer Trash Pick-up in Mission Beach	70,000	70,000
Addition to Homeless Prevention and Diversion Program (SDHC)	-	66,086 *
Total Suggested Budget Revisions	\$ 15,259,746	\$ 16,325,832
Resources		
Reallocation of special election expenditures	\$ 5,000,000	\$ - *
Excess Equity	4,000,000	4,000,000
San Diego Police Department vacancy savings ¹	3,000,000	3,000,000
Capital Outlay Fund ²	2,100,000	2,100,000
Transfer from Qualcomm Stadium Operations Fund²	-	5,000,000 *
Redevelopment Agency land sales	1,700,000	1,700,000
Reallocation of Council District 3 CPPS	-	315,196 *
Reallocation of Council District 1 CPPS	-	265,584 *
Reduction of Homelessness Committee Consultant	-	66,086 *
Council District 3 - 3.5% Reduction	-	47,761 *
Council District 1 - 3.5% Reduction	-	46,254 *
Total Available Resources	\$ 15,800,000	\$ 16,540,881
Balance of Available Resources	\$ 540,254	\$ 215,049

*Note: Only those items in the highlighted lines may be changed by the Council when voting on the FY 2018 Budget.

¹Cost of Police Department overtime for staffing will be offset by an increase in SDPD vacancy savings.

²The \$5.0 million transfer back to the General Fund includes the \$3.1 million increase to the Qualcomm Stadium Operations Fund approved by the June 5 Council action, plus reduces the FY 2018 Proposed Budget Fund level by \$1.9 million.

³Ongoing costs may be associated with this item, starting in FY 2019.

⁴The 2.00 Code Compliance Officers will be funded with one-time resources in FY 2018, but will be supported with ongoing Cannabis Business Tax revenues in FY 2019.