



THE CITY OF SAN DIEGO

OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

Date Issued: August 9, 2017

IBA Report Number: 17-28REV

City Council Docket Date: September 12, 2017

Item Number: TBD

Proposed FY 2018 Statement of Budgetary Principles

OVERVIEW

The Statement of Budgetary Principles (Principles) was first put into place in FY 2008 to address issues of budgetary authority and to provide a means to communicate budget changes between the Executive and Legislative branches following budget adoption each year. For the past ten fiscal years, the Principles have been adopted by the City Council as a companion resolution to the Appropriation Ordinance (AO), which was approved by the City Council on June 26, 2017. The purpose of the Principles is to preserve the intent of the AO as a true appropriation setting document rather than a policy document. The Principles represent an annual agreement between the City Council and the Mayor, which we recommend be continued in FY 2018.

The proposed FY 2018 Principles closely mirrors the FY 2017 Principles with only minor revisions reflecting voter-approved changes to the City Charter that took effect July 18, 2016 (Attachments 1 and 2).

This draft of the Principles is provided for the August 2, 2017 Budget and Government Efficiency Committee for review, and to forward to the full City Council for review and adoption. Since this is an agreement between the two branches, any proposed revisions will need to be agreed to by the Mayor.

BACKGROUND

In 2004, the voters approved a Strong Mayor/Strong Council form of government for the City of San Diego. The change from a City Manager to a Strong Mayor/Strong Council form of government necessitated clarifications of the roles and responsibilities of the Executive and Legislative branches of City government. The Principles were enacted in part as a means to designate areas of Mayoral and Council authority, and the processes by which budget and administrative information would be communicated between the two branches in order to support

OFFICE OF THE INDEPENDENT BUDGET ANALYST

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the effective and efficient governance of the City.¹ Specifically, concerns were raised by the City Council at that time that significant budget decisions—such as the elimination of department programs²—were being made by the Executive branch outside of the budget adoption process and without communicating the changes to the Legislative branch. The City Council also raised concerns about the lack of department/program performance measures available for review, especially when reductions to department budgets were made as a result of revenue reductions during the last recession, or as part of the City’s efficiency programs. Without robust performance measures, Council did not feel that they were able to ascertain whether, or how, reductions in department or program budgets might have a corresponding reduction in service levels.

The three original stated goals of the Principles were:

1. To set budgetary operating principles;
2. To establish budget authorities regarding service levels; and
3. To enhance communication on management issues between the Executive and Legislative branches.

These goals informed the first Principles released by our Office as IBA Report 07-64. This report also included other items that remain in the current version of the Principles: the provision of quarterly budget monitoring reports to the Council by the Mayor and the requirement that the Mayor provide prior written notification to the City Council of reductions to programs or services affecting the community. Other significant Council-adopted budget documents that have been included in the Principles over the years include:

- Guiding Principles of a Structural Budget Deficit Elimination Plan (Attachment 4);
- O-20084: Mid-Year Adjustments to the Adopted Budget of the City and Reporting of Significant Reductions in City Services or Programs; and O-20551: Amending Section 22.0229 Relating to Mid-Year Adjustment to the Adopted Budget;
- R-307737: Ten Fundamental Principles for an Effective, Cooperative, and Transparent Mayor-Council Form of Government in the City of San Diego (Attachment 5); and
- A requirement for quarterly updates on the City’s performance measures.

DISCUSSION

As noted above, the Principles have changed over the years in order to reflect prior year budget practices and policies, or to address any areas of concern relating to Executive and Legislative branch communications. Over the years the Principles have become an important part of the budget process, as they provide clarity regarding budget authority following budget adoption in June of

¹ The Principles were part of a larger movement that has, over time, codified areas of authority and practice in relation to budget and administrative City governance after the Strong Mayor/Strong Council form of government was put in place. Other documents that have clarified the roles of the Executive and Legislative branches include the City’s Budget Policy (Council Policy 000-02) and the addition of the ability of the Mayor (and subsequently the City Council) to make changes to the Adopted Budget via the Mid-Year Budget Monitoring Report, to the City’s Municipal Code (Section 22.0229, amended by O-20551, Attachment 3).

² This Council concern stemmed from the Mayor’s reduction of a popular swim program in FY 2007 after the Council had adopted the Budget. Council subsequently reinstated the program, but a concern remained about the Mayor’s ability to significantly modify services and programs outside of the budget process without Council input or approval.

each year. Additionally the Principles captures in a single document numerous other important budget documents approved by the Council since the change to a Strong Mayor/Strong Council form of government.

Over the past year our Office raised two issues relative to the Principles. First, Council's review of performance measures on a quarterly basis, which was added to the FY 2014 Principles but was not put into practice. In FY 2017 new department tactical plans resulted in the replacement of a number of established measures with new measures that lacked associated data. Additional data becomes available each year the measures are in place, and the Performance & Analytics Department has now included 20% of City Key Performance Indicators (KPIs) on the City's Performance Dashboard (Dashboard) with a goal of providing 40% for FY 2018.

Second, during our Office's review of the FY 2017 Mid-Year Monitoring Report, we noted that the Mayor had implemented a new San Pasqual Valley Fast Response Squad (FRS) shortly after the FY 2017 Budget was adopted by Council. While some Councilmembers were apprised of the budget revision, the Council as a whole was not provided an informational memorandum on this service addition as agreed to in the Principles. The FY 2018 Principles continues to contain language, agreed to by the Mayor, noting that Council should be informed of any changes to programs or services.

RECOMMENDATION

The Principles have been agreed to by the Executive and Legislative branches of City government each year since FY 2008, in order to clearly define the roles of each branch as they relate to the City's budget development and budget monitoring processes, as well as to set expectations for communication about budget matters. The Principles were presented to the Budget and Government Efficiency Committee on August 2, 2017. The Committee approved the Principles without any revisions, and forwarded them to the City Council for review and adoption. The Committee also made two requests: that the Performance & Analytics Department return to Committee to discuss and review departmental Key Performance Indicators, and that the IBA return to Council early in the FY 2019 budget development process with a review of the Budgetary Principles.

Our Office recommends that the City Council review and adopt the FY 2018 Statement of Budgetary Principles.



Christiana Gauger
Fiscal & Policy Analyst



Andrea Tevlin
Independent Budget Analyst

- Attachments: 1. FY 2018 Statement of Budgetary Principles – Clean Copy
2. FY 2018 Statement of Budgetary Principles – Redline Copy

3. O-20551: An Ordinance Amending Chapter 2, Article 2, Division 2 of the San Diego Municipal Code by Amending Section 22.0229 Relating to Mid-Year Adjustments to the Adopted Budget of the City
4. R-305615: A Resolution of the City of San Diego Adopting the Structural Budget Deficit Elimination Plan Presented by Independent Budget Analyst (IBA)
5. R-307737: A Resolution of the Council of the City of San Diego Establishing Ten Fundamental Principles for an Effective, Cooperative and Transparent Mayor-Council Form of Government in the City of San Diego

FY 2018 STATEMENT OF BUDGETARY PRINCIPLES

WHEREAS, pursuant to sections 69(c) and 265(b)(14) of the City Charter the Mayor is required to propose a budget to the Council and make it available for public view no later than April 15 of each year; and

WHEREAS, on April 13, 2017, the Mayor released the Fiscal Year 2018 Proposed Budget to the Council and to the public; and

WHEREAS, the Council has duly considered the Mayor's Fiscal Year 2018 Budget; and

WHEREAS, between April 17 and June 5, 2017 the City Council held more than one public hearings to consider the City's Fiscal Year 2018 Budget in accordance with City Charter section 69(d), and at such meetings members of the public were invited to comment on and ask questions about the Fiscal Year 2018 Budget; and

WHEREAS, on May 16, 2017, the Financial Management Director provided the City Council with their May Revision to the Fiscal Year 2018 Proposed Budget (May Revision) in accordance with City Charter Section 69(e); and

WHEREAS, on May 18, 2017, the May Revision was presented to the City Council sitting as the Budget Review Committee; and

WHEREAS, Councilmembers submitted their budget priorities to the Independent Budget Analyst on May 22, 2017 to assist with the development of final budget recommendations; and

WHEREAS, on May 31, 2017, the Independent Budget Analyst's Final Budget Report and Recommendations on the FY 2018 Budget (IBA Report # 17-23 *Review of the FY 2017 Year-End Budget Monitoring Report, FY 2018 May Revision, and Recommended Revisions to the Mayor's FY 2018 Budget*) was issued; and

WHEREAS, on June 5, 2017, the City Council approved the City's Fiscal Year 2018 Budget, including the Mayor's Proposed Budget, as modified by the May Revision, and including the recommendations in the IBA Final Report on the FY 2018 Budget, dated May 31, 2017, with revisions proposed by the City Council, and directed the City Clerk to return the same to the Mayor for his consideration under Charter section 69(f)(2); and

WHEREAS, on June 9, 2017 the Mayor modified and signed Budget Resolution R-311158 which is the Fiscal Year 2018 Adopted Budget, in accordance with Charter section 69(g) ; and

WHEREAS, in accordance with Charter section 69(h), on June 13, 2017 the Fiscal Year 2018 Budget became a controlling document for purposes of preparing the annual appropriation ordinance; and

WHEREAS, pursuant to Charter section 69(k), the Council is required to adopt an appropriation ordinance no later than June 30, to establish budgetary appropriations for the Fiscal Year 2018 Budget; and

WHEREAS, the Mayor and the Council acknowledge that the Fiscal Year 2018 Budget reflects the best estimate of the Mayor and the Council regarding projected revenues and expenditures and that such estimate is simply a financial plan that may require adjustments in view of the available resources; and

WHEREAS, in accordance with Chapter 2, Article 2, Division 2 of the Municipal Code, mid-year budget adjustments shall be reported to address any projected surplus or deficit in addition to reporting significant reductions in programs or services; and

WHEREAS, this Statement of Budgetary Principles is intended to facilitate better communication on fiscal matters between the Council and the Mayor and to establish a framework for the administration by the Mayor of the Fiscal Year 2018 Budget in light of the respective duties of the Mayor as Chief Executive Officer and Chief Budget Officer of the City, and the duties of the Council as the legislative and policy setting body of the City, and in light of the obligation of public officials to keep the public apprised of the conduct of the City's financial affairs; and

WHEREAS, the City Council adopted Resolution 307737 on October 15, 2012, subsequently signed by the Mayor, establishing ten fundamental principles for an effective, cooperative and transparent Mayor-Council form of government in the City of San Diego ("Ten Fundamental Principles").

Accordingly, the Mayor and the Council hereby agree to adhere to the following budgetary principles for the Fiscal Year 2018 Budget:

Fiscal Year 2018 Budget—Communication on Proposed Program/Service Changes

1. The Mayor, or his designee, will provide reports to the Council on a quarterly basis regarding the administration of the affairs of the City. These reports can be given verbally, and are intended to improve the flow of information between the Mayor, Council, and public.
2. The Council President will provide time on the Council's agenda for the Report of the Mayor.
3. Consistent with Chapter 2, Article 2, Division 2 of the Municipal Code, prior to any reduction in service levels or elimination of programs or services as represented and funded in the FY 2018 Adopted Budget, the

Mayor, or designee, shall provide written notice to the City Council regarding such reductions and provide a fiscal justification thereof and a description of expected service levels impacts.

4. Notwithstanding the forgoing, the Mayor need not provide prior written notice of any change or modification that results in a more efficient delivery of public services and that accomplishes the legislative intent. However, in these circumstances the Mayor is requested to provide the Council with an informational memo upon implementation.

Fiscal Year 2018 Budget—Appropriation Ordinance

1. Neither the Mayor nor the Council has unilateral authority to make changes to the spending authority contained in the Fiscal Year 2018 Budget.
2. The Mayor shall in good faith fulfill the legislative intent reflected in the adopted Fiscal Year 2018 Budget, including the appropriations reflected in the Fiscal Year 2018 Appropriation Ordinance. However, the Mayor has discretion to effectively and efficiently spend public monies, and shall not be obligated to spend all the money the Council has appropriated if there is a less costly means of accomplishing the Council's stated purposes.
3. The Council shall have no authority to make or adopt changes to the Fiscal Year 2018 Budget without first receiving a funding recommendation of the Mayor. The Mayor will provide such funding recommendation within 30 calendar days of the Council request, or such later period as contained in the request of the Council.
4. In accordance with Charter section 28, the Mayor has the authority to allocate Fiscal Year 2018 Budget appropriations within departments in order to best carry out the Council's legislative intent.
5. The Appropriation Ordinance implements the Fiscal Year 2018 Budget, as approved by the Council. The Appropriation Ordinance shall specify the spending authority by Department and by Fund, and all other conditions, authorizations, and requirements appropriate therefore. The Appropriation Ordinance will include necessary budget delegation to carry out the business of the City; provided however, the Appropriation Ordinance will not include Policy directions.
6. The Statement of Budgetary Principles applies to departments and programs that are under the direction and authority of the Mayor. These Principles shall also apply to those offices that are independent of the Mayor. This Statement of Budgetary Principles is subject in all respects to the provisions of the City Charter.

Fiscal Year 2018 Budget—“Budget-Related Fundamental Principles for an Effective, Cooperative, and Transparent Mayor-Council Form of Government” applying to budget implementation

1. The “Structural Budget Deficit Principles” adopted by Council on February 22, 2010 and outlined in Resolution 305615 should be continually adhered to ensuring a structurally balanced budget.
2. The Mayor will update the City’s Five-Year Financial Outlook (Outlook) in November 2017 and present the results to the Budget and Government Efficiency Committee and City Council.
3. In FY 2018 the City’s performance dashboard, PerformSD, will display historical information and targets for performance measures in the following areas: civic engagement, communication, customer satisfaction, economy and finance, infrastructure, public safety, recreation and culture, sustainability, and transportation and mobility. The performance measure data available as part of the performance dashboard will be discussed and reviewed by the Budget and Government Efficiency Committee by the end of the first quarter of FY 2018. The data will be evaluated for updates quarterly in FY 2018, and will be a subset of the performance measures included in the Proposed and Adopted Budgets. Additional performance measures may be evaluated and added to the performance dashboard in FY 2018.
4. The Mayor will address the City's deferred capital backlog by implementing funded projects in a timely and cost effective manner and working with the Council to identify resources necessary to address remaining unfunded deferred capital as well as new infrastructure needs.

FY ~~2017-2018~~ STATEMENT OF BUDGETARY PRINCIPLES

WHEREAS, pursuant to sections ~~69(c) and 265(b)(1514)~~ of the City Charter the Mayor is required to propose a budget to the Council and make it available for public view no later than April 15 of each year; and

WHEREAS, on April ~~1413, 2016~~2017, the Mayor released the Fiscal Year ~~2017 2018~~ Proposed Budget to the Council and to the public; and

WHEREAS, the Council has duly considered the Mayor's Fiscal Year ~~2017-2018~~ Budget; and

WHEREAS, between ~~May-April 417~~ and June ~~135, 2016-2017~~ the City Council held more than ~~two-one~~ public hearings to consider the City's Fiscal Year ~~2017-2018~~ Budget in accordance with ~~San Diego City~~ Charter sections ~~29069(bd) and 74~~, and at such meetings members of the public were invited to comment on and ask questions about the Fiscal Year ~~2017-2018~~ Budget; and

WHEREAS, on May ~~1716, 2016~~2017, the Financial Management Director provided the City Council with their May Revision to the Fiscal Year ~~2017-2018~~ Proposed Budget (May ~~Revise~~Revision) in accordance with City Charter Section 69(e); and

WHEREAS, on May ~~1918, 2016~~2017, the May ~~Revise-Revision~~ was presented to the City Council sitting as the Budget Review Committee; and

WHEREAS, Councilmembers submitted their budget priorities to the Independent Budget Analyst on May ~~2722, 2016-2017~~ to assist with the development of final budget recommendations; and

WHEREAS, on ~~June 8~~May 31, 20162017, the Independent Budget Analyst's Final Budget Report and Recommendations on the FY ~~2017-2018~~ Budget (IBA Report # ~~1617-11-23~~ Review of the FY 2017 Year-End Budget Monitoring Report, FY 2018 May Revision, and Recommended Revisions to the Mayor's FY 2017-2018 Budget) was issued; and

WHEREAS, on June ~~135, 2016~~2017, the City Council approved the City's Fiscal Year ~~2017-2018~~ Budget, including the Mayor's Proposed Budget, as modified by the May ~~Revision~~Revision, and including the recommendations in the IBA Final Report on the FY ~~2017-2018~~ Budget, dated ~~June 8~~May 31, 20167, with revisions proposed by the City Council, and directed the City Clerk to return the same to the Mayor for his consideration under Charter section ~~29069(bf)(2)~~; and

WHEREAS, on June ~~149, 2016-2017~~ the Mayor ~~approved-modified and signed~~ Budget Resolution R-311158 which is the Fiscal Year ~~2017-2018~~ Adopted Budget, in accordance with Charter section ~~29069(bg)(2)(A)~~; and

WHEREAS, in accordance with Charter section ~~29069(b)(2)~~, on June ~~14~~13, ~~2016-2017~~ the Fiscal Year ~~2017-2018~~ Budget became a controlling document for purposes of preparing the annual appropriation ordinance; and

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WHEREAS, pursuant to Charter section ~~71 and 29069(ek)~~, the Council is required to adopt an appropriation ordinance ~~during the month of July no later than June 30~~, to establish budgetary appropriations for the Fiscal Year ~~2017-2018~~ Budget; and

WHEREAS, the Mayor and the Council acknowledge that the Fiscal Year ~~2017-2018~~ Budget reflects the best estimate of the Mayor and the Council regarding projected revenues and expenditures and that such estimate is simply a financial plan that may require adjustments in view of the available resources; and

WHEREAS, in accordance with Chapter 2, Article 2, Division 2 of the Municipal Code, mid-year budget adjustments shall be reported to address any projected surplus or deficit in addition to reporting significant reductions in programs or services; and

WHEREAS, this Statement of Budgetary Principles is intended to facilitate better communication on fiscal matters between the Council and the Mayor and to establish a framework for the administration by the Mayor of the Fiscal Year ~~2017-2018~~ Budget in light of the respective duties of the Mayor as Chief Executive Officer and Chief Budget Officer of the City, and the duties of the Council as the legislative and policy setting body of the City, and in light of the obligation of public officials to keep the public apprised of the conduct of the City's financial affairs; and

WHEREAS, the City Council adopted Resolution 307737 on October 15, 2012, subsequently signed by the Mayor, establishing ten fundamental principles for an effective, cooperative and transparent Mayor-Council form of government in the City of San Diego ("Ten Fundamental Principles").

Accordingly, the Mayor and the Council hereby agree to adhere to the following budgetary principles for the Fiscal Year ~~2017-2018~~ Budget:

Fiscal Year ~~2017-2018~~ Budget—Communication on Proposed Program/Service Changes

1. The Mayor, or his designee, will provide reports to the Council on a quarterly basis regarding the administration of the affairs of the City. These reports can be given verbally, and are intended to improve the flow of information between the Mayor, Council, and public.
2. The Council President will provide time on the Council's agenda for the Report of the Mayor.
3. Consistent with Chapter 2, Article 2, Division 2 of the Municipal Code, prior to any reduction in service levels or elimination of programs or

services as represented and funded in the FY ~~2017-2018~~ Adopted Budget, the Mayor, or designee, shall provide written notice to the City Council regarding such reductions and provide a fiscal justification thereof and a description of expected service levels impacts.

4. Notwithstanding the forgoing, the Mayor need not provide prior written notice of any change or modification that results in a more efficient delivery of public services and that accomplishes the legislative intent. However, in these circumstances the Mayor is requested to provide the Council with an informational memo upon implementation.

Fiscal Year ~~2017-2018~~ Budget—Appropriation Ordinance

1. Neither the Mayor nor the Council has unilateral authority to make changes to the spending authority contained in the Fiscal Year ~~2017-2018~~ Budget.
2. The Mayor shall in good faith fulfill the legislative intent reflected in the adopted Fiscal Year ~~2017-2018~~ Budget, including the appropriations reflected in the Fiscal Year ~~2017-2018~~ Appropriation Ordinance. However, the Mayor has discretion to effectively and efficiently spend public monies, and shall not be obligated to spend all the money the Council has appropriated if there is a less costly means of accomplishing the Council's stated purposes.
3. The Council shall have no authority to make or adopt changes to the Fiscal Year ~~2017-2018~~ Budget without first receiving a funding recommendation of the Mayor. The Mayor will provide such funding recommendation within 30 calendar days of the Council request, or such later period as contained in the request of the Council.
4. In accordance with Charter sections ~~28 and 81~~, the Mayor has the authority to allocate Fiscal Year ~~2017-2018~~ Budget appropriations within departments in order to best carry out the Council's legislative intent.
5. The Appropriation Ordinance implements the Fiscal Year ~~2017-2018~~ Budget, as approved by the Council. The Appropriation Ordinance shall specify the spending authority by Department and by Fund, and all other conditions, authorizations, and requirements appropriate therefore. The Appropriation Ordinance will include necessary budget delegation to carry out the business of the City; provided however, the Appropriation Ordinance will not include Policy directions.
6. The Statement of Budgetary Principles applies to departments and programs that are under the direction and authority of the Mayor. These Principles shall also apply to those offices that are independent of the

Mayor. This Statement of Budgetary Principles is subject in all respects to the provisions of the City Charter.

Fiscal Year ~~2017-2018~~ Budget—“Budget-Related Fundamental Principles for an Effective, Cooperative, and Transparent Mayor-Council Form of Government” applying to budget implementation

1. The “Structural Budget Deficit Principles” adopted by Council on February 22, 2010 and outlined in Resolution 305615 should be continually adhered to ensuring a structurally balanced budget.
2. The Mayor will update the City’s Five-Year Financial Outlook (Outlook) in November ~~2016-2017~~ and present the results to the Budget and Government Efficiency Committee and City Council.
3. ~~In FY 2017, the Mayor will launch a public, performance dashboard available online at PerformSD.~~ In FY ~~2017-2018~~ the City’s performance dashboard, PerformSD, will display historical information and targets for performance measures in the following areas: civic engagement, communication, customer satisfaction, economy and finance, infrastructure, public safety, recreation and culture, sustainability, and transportation and mobility. The performance measure data available as part of the performance dashboard will be discussed and reviewed by the Budget and Government Efficiency Committee by the end of the first quarter of FY ~~2017~~2018. The data will be ~~updated-evaluated for updates at least~~ quarterly in FY ~~2017~~2018, and will be a subset of the performance measures included in the Proposed and Adopted Budgets. Additional performance measures may be evaluated and added to the performance dashboard in FY ~~2017~~2018.
4. The Mayor will address the City's deferred capital backlog by implementing funded projects in a timely and cost effective manner and working with the Council to identify resources necessary to address remaining unfunded deferred capital as well as new infrastructure needs.

Item 58 - 7/28/15

(O-2015-141)
(COR. COPY)

ORDINANCE NUMBER O- 20551 (NEW SERIES)

DATE OF FINAL PASSAGE AUG 03 2015

AN ORDINANCE AMENDING CHAPTER 2, ARTICLE 2,
DIVISION 2 OF THE SAN DIEGO MUNICIPAL CODE BY
AMENDING SECTION 22.0229 RELATING TO MID-YEAR
ADJUSTMENTS TO THE ADOPTED BUDGET OF THE CITY.

WHEREAS, on August 4, 2011, the City Council adopted Ordinance No. O-20084, codified as Municipal Code §22.0229, to set forth a process to amend the City's adopted budget in accordance with the Mayor's responsibilities as Chief Budget Officer of the City and the City Council's non-delegable legislative power and authority regarding the spending of public money; and

WHEREAS, section 22.0229, "Mid-Year Amendments to the Adopted General Fund Budget," as currently drafted, contains ambiguous language with respect to the City Council's authority to make changes to the Mayor's proposed budget amendments in an amount up to the full amount proposed by the Mayor; and

WHEREAS, the Municipal Code amendment removes such ambiguity and provides greater clarity with respect to the roles of the Mayor and City Council in approving amendments to the City's adopted General Fund budget; NOW, THEREFORE,

BE IT ORDAINED, by the Council of the City of San Diego, as follows:

Section 1. That Chapter 2, Article 2, Division 2 of the San Diego Municipal Code is amended by amending section 22.0229 to read as follows:

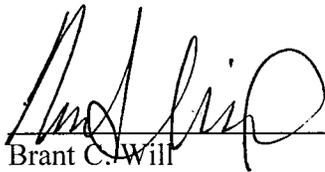
§ 22.0229 Mid-Year Amendments to the Adopted General Fund Budget

- (a) In the month of February or at such time during any fiscal year after the City has six months of actual budgetary data and the Mid-Year Budget Monitoring Report is projecting a surplus or a deficit relative to the adopted General Fund budget, the Mayor shall report such deficit or surplus to the City Council and provide a recommendation to the City Council, and accompanying budget amendment resolution, to address the reported deficit or surplus. The Mayor may recommend budgeting all, none, or any portion of any projected surplus.
- (b) The City Council may approve the Mayor's recommendation or modify such recommendation in whole or in part, up to the total amount recommended by the Mayor, in accordance with Charter section 290(b).
- (c) Notwithstanding any other provision in this section, transfers of appropriations recommended by the Mayor pursuant to Charter section 73 shall not be considered budget amendments and shall not be subject to the provisions herein.
- (d) Notwithstanding any other provisions in this section, other modifications to the budget proposed by the Mayor shall not be subject to the provisions herein.

Section 2. That a full reading of this ordinance is dispensed with prior to its passage, a written or printed copy having been made available to the City Council and the public prior to the day of its passage.

Section 3. That this ordinance shall take effect and be in force on the thirtieth day from and after its final passage.

APPROVED: JAN I. GOLDSMITH, City Attorney

By 

Brant C. Will
Deputy City Attorney

BCW:jdf
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Or.Dept:IBA
Document No.: 976516

I hereby certify that the foregoing Ordinance was passed by the Council of the City of San Diego, at this meeting of JUL 28 2015

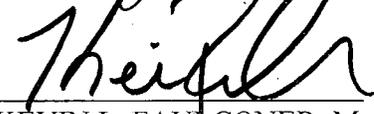
ELIZABETH S. MALAND
City Clerk

By 

Deputy City Clerk

Approved: 8/3/15

(date)



KEVIN L. FAULCONER, Mayor

Vetoed: _____
(date)

KEVIN L. FAULCONER, Mayor

STRIKEOUT ORDINANCE

OLD LANGUAGE: ~~Struck Out~~

NEW LANGUAGE: Double Underline

ORDINANCE NUMBER O-_____ (NEW SERIES)

DATE OF FINAL PASSAGE _____

AN ORDINANCE AMENDING CHAPTER 2, ARTICLE 2,
DIVISION 2 OF THE SAN DIEGO MUNICIPAL CODE BY
AMENDING SECTION 22.0229 RELATING TO MID-YEAR
ADJUSTMENTS TO THE ADOPTED BUDGET OF THE CITY.

Section 1. That Chapter 2, Article 2, Division 2 of the San Diego Municipal Code is amended by amending section 22.0229 to read as follows:

§ 22.0229 Mid-Year Amendments to the Adopted General Fund Budget

- (a) In the month of February or at such time during any fiscal year after the City has six months of actual budgetary data and the Mid-Year Budget Monitoring Report is projecting a surplus or a deficit relative to the adopted General Fund budget, the Mayor shall report such deficit or surplus to the City Council and provide a recommendation to the City Council, and accompanying budget amendment resolution, to address the reported deficit or surplus. The Mayor may recommend budgeting all, none, or any portion of any projected surplus.
- (b) The City Council may approve the Mayor's recommendation or modify such recommendation in whole or in part, up to the total amount

recommended by the Mayor, in accordance with Charter section 290(b),

~~provided, however, that:~~

- ~~1. The City Council may budget and appropriate up to the total amount recommended by the Mayor; or~~
 - ~~2. If the mayor recommends budgeting less than \$5 million of the projected surplus amount, the City Council may only increase the adopted General Fund budget by up to \$5 million or not more than 50% of any projected surplus, whichever total dollar amount is less.~~
- (c) Notwithstanding any other provision in this section, transfers of appropriations recommended by the Mayor pursuant to Charter section 73 shall not be considered budget amendments and shall not be subject to the provisions herein.
- (d) Notwithstanding any other provisions in this section, other modifications to the budget proposed by the Mayor shall not be subject to the provisions herein.

BCW:jdf
06/12/15
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Or.Dept: IBA
Doc. No.: 1043176_2

Passed by the Council of The City of San Diego on JUL 28 2015, by the following vote:

Councilmembers	Yeas	Nays	Not Present	Recused
Sherri Lightner	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lorie Zapf	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Todd Gloria	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Myrtle Cole	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mark Kersey	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Chris Cate	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Scott Sherman	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
David Alvarez	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Marti Emerald	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Date of final passage AUG 03 2015

AUTHENTICATED BY:

KEVIN L. FAULCONER
Mayor of The City of San Diego, California.

(Seal)

ELIZABETH S. MALAND
City Clerk of The City of San Diego, California.

By *Mary Stenrod*, Deputy

I HEREBY CERTIFY that the foregoing ordinance was not finally passed until twelve calendar days had elapsed between the day of its introduction and the day of its final passage, to wit, on

JUL 14 2015, and on AUG 03 2015

I FURTHER CERTIFY that said ordinance was read in full prior to passage or that such reading was dispensed with by a vote of five members of the Council, and that a written copy of the ordinance was made available to each member of the Council and the public prior to the day of its passage.

(Seal)

ELIZABETH S. MALAND
City Clerk of The City of San Diego, California.

By *Mary Stenrod*, Deputy

Office of the City Clerk, San Diego, California
Ordinance Number O- <u>20551</u>

RESOLUTION NUMBER R- 305615

DATE OF FINAL PASSAGE MAR 02 2010

A RESOLUTION OF THE CITY OF SAN DIEGO ADOPTING
THE STRUCTURAL BUDGET DEFICIT ELIMINATION PLAN
PRESENTED BY INDEPENDENT BUDGET ANALYST [IBA].

WHEREAS, at the Budget and Finance Committee meeting of January 6, 2010, the IBA presented IBA Report No. 10-01, "Developing a Structural Budget Deficient Elimination Plan;" and,

WHEREAS, IBA Report No. 10-01 compiled guiding principles and key elements of recommendations from varied sources to identify common elements deemed necessary to effectively address a structural budget deficit; and,

WHEREAS, the IBA suggested eleven guiding principles as a starting point for consideration by the Mayor and City Council; and,

WHEREAS, Councilmembers were requested to submit their ideas on the Structural Budget Deficit Elimination Plan to the Budget and Finance Committee by January 25, 2010; and,

WHEREAS, on January 27, 2010, the Budget and Finance Committee discussed the ideas submitted by the Councilmembers, IBA Report 10-08, and "Kroll Recommendations Related to the Proposed Guiding Principles for a Structural Budget Deficit Elimination Plan" and discussed in general the Proposed Guiding Principles on the Structural Elimination Plan; and

WHEREAS, the Budget and Finance Committee voted unanimously to forward the Guiding Principles to the full City Council with changes in the following language:

1) Principle 10 “in a manner compliant with City Charter;” and 2) Principle 3 “including managed competition;” and

WHEREAS, on February 1, 2010, IBA Report No. 10-9, “Implementation of Recommendations identified in the October 26, 2009 Performance Audit of the Streets Division” was discussed by the Audit Committee; and,

WHEREAS, after a discussion, the committee voted unanimously to recommend that the City Council adopt IBA Structural Budget Deficit Elimination Principle Number Eleven; and

WHEREAS, on February 22, 2010, the City Council discussed the Guiding Principles and changes to the language of the Guiding Principles which had been forwarded to them by the Budget and Finance Committee; NOW, THEREFORE,

BE IT RESOLVED, by the City Council of the City of San Diego that the following eleven Structural Budget Deficit Elimination Principles be adopted:

1. Eliminate the General Fund structural budget deficit through a balanced approach of ongoing expenditure reductions and revenue generation, including identifying new revenue sources.
2. Until the City achieves its targeted General Fund reserve level of eight percent, the City should not consider using reserve balances to balance any budget shortfall and should ensure that it does not drop below the current level of seven percent.
3. Actively pursue alternative service delivery methods, including managed competition, efficiency improvements and elimination of service duplications.

4. Prepare a Five-Year Outlook each year and provide numeric values for alternative budget balancing options based on input from City Council, Mayor, and the Independent Budget Analyst; and to be prepared each year to discuss alternative budget balancing options with the Budget Committee or City Council should the Outlook suggest an ongoing structural deficit.

5. One-time resources should be matched to one-time expenditures.

6. Achieve 100 percent cost recovery for programs and services that are intended to be fully cost recoverable through fees.

7. Reduce pension and retiree health care liability and annual City costs through the meet and confer process.

8. When deciding to construct new facilities or establish new programs, the City must take into consideration ongoing operation expenses and should identify ongoing funding to cover these expenses unless necessary to meet high priority needs.

9. Prioritize City services expenditures based on the City Charter requirements, Citizen Survey and other means of public input, benchmarking studies and departmental goals and performance data.

10. Maintain funding of full annual required contributions (ARC) for the City's pension obligations in a manner compliant with City Charter and develop a plan to fully funding of the Retiree Health Care ARC.

11. Develop a plan to fund deferred capital infrastructure and maintenance needs to reduce the current backlog, identify the level of funding necessary to prevent the problem from growing larger, and to reduce the potential of increasing costs to identify the level of funding;

and to discuss at the Budget and Finance Committee, a policy to calculate and identify the level of funding to deferred maintenance budget needs.

APPROVED: JAN I. GOLDSMITH, City Attorney

By 

Paul F. Prather
Deputy City Attorney

PFP:als
02/09/10
02/24/10 REV.COPY
Or.Dept:IBA
R-2010-558

I hereby certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of ~~FEB 22 2010~~.

ELIZABETH S. MALAND
City Clerk

By 

Deputy City Clerk

Approved: 3.2.10
(date)



JERRY SANDERS, Mayor

Vetoed: _____
(date)

JERRY SANDERS, Mayor

150
10/15

RESOLUTION NUMBER R- 307737

DATE OF FINAL PASSAGE OCT 23 2012

A RESOLUTION OF THE COUNCIL OF THE CITY OF
SAN DIEGO ESTABLISHING TEN FUNDAMENTAL
PRINCIPLES FOR AN EFFECTIVE, COOPERATIVE AND
TRANSPARENT MAYOR-COUNCIL FORM OF
GOVERNMENT IN THE CITY OF SAN DIEGO.

WHEREAS, since 1931, pursuant to the City Charter of the City of San Diego (Charter), the City of San Diego has operated under a governance structure known as the City Manager form of government; and

WHEREAS, on November 2, 2004, the voters of the City of San Diego voted to amend the Charter by adding Article XV which modified the City Manager form of governance for a trial period of five years to test implementation of a form of governance commonly referred to as a Mayor-Council form of government; and

WHEREAS, on June 8, 2010, the voters of the City of San Diego voted to continue the form of governance commonly referred to as the Mayor-Council form of government; and

WHEREAS, with the Mayor-Council form of government the voters of the City of San Diego also created the position of Independent Budget Analyst; and

WHEREAS, the Office of the Independent Budget Analyst reviews and provides budgetary and policy analysis for the Council, independent of the Mayor; and

WHEREAS, the Charter sets forth certain rights, powers, duties and responsibilities of the Mayor under the Mayor-Council form of government; and

WHEREAS, the Mayor is the chief executive officer of the City; and

WHEREAS, the Mayor supervises the administration of the affairs of the City except as otherwise specifically provided in the Charter and makes such recommendations to the Council concerning the affairs of the City as may seem to him desirable; and

WHEREAS, with the Mayor-Council form of government the voters of the City of San Diego did not add or subtract from the powers conferred upon the City Attorney in Charter sections 40 and 40.1, including the City Attorney's sole authority to prepare and approve all ordinances, resolutions, and contracts and that such ordinances, resolutions and contracts are not valid without City Attorney approval; and

WHEREAS, the Mayor shall keep the Council advised of the financial condition and future needs of the City; and

WHEREAS, the Council must approve a Salary Ordinance each year, fixing the salaries of all officers and employees of the City; and

WHEREAS, it is the role of the Mayor to propose to the Council the terms in the Salary Ordinance, which must be consistent with any existing Memoranda of Understanding between the City and its recognized employee organizations or otherwise in conformance with the Meyers-Milias-Brown Act (MMBA), City Council Policy 300-06, or any other legal requirements governing labor relations binding upon the City; and

WHEREAS, the MMBA provides that the legislative body of a public agency employer – like the City, or the agency's administrative officers or other representatives as designated by the legislative body or by law – must meet and confer in good faith regarding wages, hours, and other terms and conditions of employment with representatives of the agency's recognized employee organizations, in an endeavor to reach agreement on matters within the scope of bargaining prior to arriving at a determination of policy or course of action; and

WHEREAS, it is the role of the Council to approve any memoranda of understanding with the City's recognized employee organizations concerning wages, hours, and other terms and conditions of employment; and

WHEREAS, each year, the Mayor must submit a proposed budget for the next fiscal year to the Council, which must approve the budget as submitted by the Mayor or modify the budget in whole or in part; and

WHEREAS, the Mayor shall cooperate fully with the Council and Office of the Independent Budget Analyst, including, but not limited to, supplying requested information concerning the budget process and fiscal condition of the City to the Council and the Office of Independent Budget Analyst; and

WHEREAS, the Mayor may prescribe such general rules and regulations as he may deem necessary or expedient for the general conduct of the administrative Departments; and

WHEREAS, on or before the 15th day of January of each year, the Mayor shall communicate by message to the Council a statement of the conditions and affairs of the City, including a report of the City's affairs for the previous fiscal year and make recommendations on such matters as he or she may deem expedient and proper; and

WHEREAS, subject to the Civil Service provisions of the Charter and except as otherwise provided in the Charter, the Mayor shall be responsible to the Council for the proper administration of all affairs of the City placed in his charge; and

WHEREAS, the Mayor and non-Mayoral officers of the City shall inform the Council of all material facts or significant developments relating to all matters under the jurisdiction of the Council as provided under the Charter except as may be otherwise controlled by the laws and regulations of the United States or the State of California; and

WHEREAS, the Mayor and all non-Mayoral officers shall comply promptly with all lawful requests for information by the Council; and

WHEREAS, the Council desires that the Mayor work in a timely, efficient and effective manner to carry out Council-initiated services, which include those services that are for the benefit of the City's constituents; and

WHEREAS, the Council or any Council committee may summon any city official or department head to provide information or answer a question of the Council or Council committee; and

WHEREAS, the Charter provides that all legislative powers of the City are vested, subject to the terms of the Charter and the Constitution of the State of California, in the Council, except for those legislative powers reserved by the Charter and the Constitution of the State; and

WHEREAS, subject to certain exceptions, the Mayor must approve or veto Council actions; and

WHEREAS, the Council may override a Mayoral veto with five votes until such time as a ninth Councilmember is seated at which time six votes of the Council would override a Mayoral veto; and

WHEREAS, the Council is empowered by the Charter to adopt an administrative code providing for the detailed powers and duties of the administrative offices and departments of the City Government, based upon the provisions of the Charter; and

WHEREAS, except as established by the provisions of the Charter, the Council may change, abolish, combine, and rearrange the departments, divisions and boards of the City Government provided for in said administrative code, but such ordinance creating, combining,

abolishing or decreasing the powers of any department, division or board shall require a vote of two-thirds of the members elected to the Council; and

WHEREAS, the Council may, by ordinance or resolution, require the Mayor to perform such other duties; and

WHEREAS, in recognition of the respective duties of the Mayor as the Chief Executive Officer of the City and the Council as the legislative and policy-setting body of the City under the City's Charter, the Council has identified certain principles that would ensure an effective, cooperative and transparent working environment between the executive and legislative branches; and

WHEREAS, the Statement of Budgetary Principles clarifies respective roles and sets guiding principles regarding budgetary authority, implementation and communication between the two branches following adoption of the City's annual budget; and

WHEREAS, the Structural Budget Deficit Principles, adopted by Council on February 22, 2010, by San Diego Resolution R-305615 (Mar. 2, 2010), are a compilation of best financial practices that have guided the executive and legislative branches over the last several years as the City worked to eliminate the City's structural budget deficit; and

WHEREAS, the Mid-Year Budget Authority Ordinance," adopted by Council on August 2, 2011, as San Diego Ordinance O-20084 (Aug. 4, 2011), establishes spending priorities while respecting the Mayor's obligation to balance City-wide priorities with available resources; requires the Mayor, in the event of a projected budget deficit or surplus at mid-year, to recommend changes to the City's adopted General Fund budget which the Council can adopt or revise; and requires the Mayor to provide written notification to the Council prior to making any significant reductions to programs or services provided to the community; and

WHEREAS, publicly reporting performance results for core City services periodically throughout the fiscal year assist in monitoring how tax dollars are being spent, determining whether goals are being achieved as originally intended, help identify if programmatic or policy changes are necessary, and communicating expectations and results of City programs and services to the public; and

WHEREAS, the Council desires that the Mayor effectively communicate with the Council, the IBA, and the City Attorney to ensure the Council has the information necessary to make well-informed decisions; and

WHEREAS, effective communication includes presentations by the Mayor or designated staff at Council or committee meetings, providing written reports and/or memoranda, and participating in briefings; and

Whereas, Council expects the Mayor himself or herself to personally participate in monthly Council meetings; and

WHEREAS, multi-year financial planning allows policymakers to make decisions within the greater context of the annual budget process and facilitates understanding whether the funding priorities in the Mayor's Proposed Budget are consistent with the City's short and long term priorities, funding obligations, and projected available resources; and

WHEREAS, if Council chooses to designate the Mayor as the City's Chief Labor Negotiator in negotiating with the City's labor organizations as required by the MMBA, it is vital the Mayor take direction from the Council, communicate and work cooperatively with the City Attorney, Independent Budget Analyst and Council, and include the Independent Budget Analyst and City Attorney in all labor negotiation processes; and

WHEREAS, adherence to these principles will facilitate the Mayor and Council carrying out its mandates under the Charter and more effectively meeting the needs of the City of San Diego residents; NOW, THEREFORE,

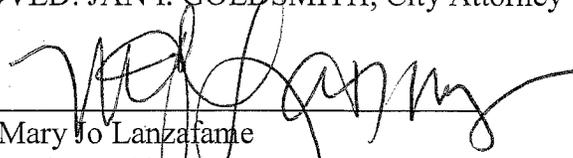
BE IT RESOLVED, that the Council of the City of San Diego adopts the following Ten Fundamental Principles for an Effective, Cooperative and Transparent Mayor-Council Form of Government in the City of San Diego:

1. Cooperate with the Council to create annually a “Statement of Budgetary Principles.”
2. Adhere to the “Structural Budget Deficit Principles” adopted by Council on February 22, 2010, by San Diego Resolution R-305615 (Mar. 2, 2010), to ensure the City maintains a structurally balanced budget.
3. Adhere to the “Mid-Year Budget Authority Ordinance” adopted by Council on August 2, 2011, as San Diego Ordinance O-20084 (Aug. 4, 2011).
4. Publicly report performance results and future goals for core City services. This information will be published annually in the Mayor’s Proposed and Final Budget; and beginning fiscal year 2015, annual performance reporting will be supplemented with quarterly reporting through the issuance of a stand-alone “City of San Diego Quarterly Performance Report” to the City Council, to also be made available on the City’s website.
5. Present to Council no later than November of each fiscal year a financial outlook that includes projected revenues and committed expenditures for a five-year outlook period.

6. Address the City's deferred capital backlog by implementing funded projects in a timely and cost effective manner and working with the Council to identify resources necessary to address remaining unfunded deferred capital as well as new infrastructure needs.
7. Work cooperatively and timely with the City Attorney, Independent Budget Analyst and Council to effectively carry out the City's labor relations policies and duties under State and local law if the Council chooses to designate the Mayor as the City's Chief Labor Negotiator.
8. Participate with Council in developing a Comprehensive City of San Diego Economic Development Strategy to ensure continued economic growth and prosperity for our community.
9. Communicate in a timely and effective manner with the Independent Budget Analyst, City Attorney and Council, including the Mayor personally participating in monthly Council meetings, to ensure that Council has the information it needs to make well-informed decisions and that City contracts conform to Charter and Municipal Code requirements.

10. Work cooperatively with Independent Budget Analyst, City Attorney Council Committees, and Council to efficiently carry out Council-initiated policy directives, services, including constituent services, and programs that have been included in the annual adopted budget.

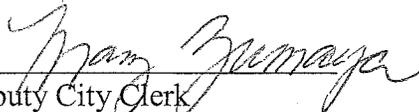
APPROVED: JAN I. GOLDSMITH, City Attorney

By 
Mary Jo Lanzafame
Assistant City Attorney

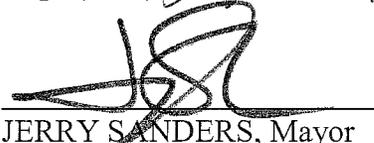
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09/12/2012
10/16/2012 REV.
Or.Dept: Council District 4
456616.doc

I hereby certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of OCT 15 2012.

ELIZABETH S. MALAND
City Clerk

By 
Deputy City Clerk

Approved: 10-23-12
(date)


JERRY SANDERS, Mayor

Vetoed: _____
(date)

JERRY SANDERS, Mayor

Passed by the Council of The City of San Diego on OCT 15 2012, by the following vote:

Council Members	Yeas	Nays	Not Present	Ineligible
Sherri Lighter	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Kevin Faulconer	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Todd Gloria	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Anthony Young	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Carl DeMaio	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lorie Zapf	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Marti Emerald	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
David Alvarez	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Date of final passage OCT 23 2012

AUTHENTICATED BY:

(Seal)

JERRY SANDERS

Mayor of The City of San Diego, California.

ELIZABETH S. MALAND

City Clerk of The City of San Diego, California.

By

Hevenson Cruz Deputy

Office of the City Clerk, San Diego, California

Resolution Number 307737