



CITY OF SAN DIEGO

FISCAL YEAR
2007
ANNUAL
BUDGET

BUDGET TRANSITION PLAN



Budget Transition Plan

On January 1, 2006, the City of San Diego changed from a City Manager to **Strong Mayor** form of government. The change, approved by City voters in November 2004, will exist on a five-year trial basis, after which voters will decide whether or not to make the change permanent.



Mayor is the City's Chief Executive Officer

Under the new system, the Mayor is the City's Chief Executive Officer, similar to the Governor or the President. The City Council is the legislative branch, providing checks and balances to the Mayor's new authority.

The City Council Transition Committee, established by the City Council on April 18, 2005, was comprised of all City Councilmembers, excluding the Mayor. This committee met frequently to develop recommendations regarding how the new role of the City Council would be implemented within the parameters of the measure approved by the voters. **The Citizens' Advisory Committee (CAC)**, created by the City Council on March 1, 2005, included 11 members. The purpose of this committee was to provide input and assistance to the City Council throughout the transition process.

Both committees accomplished their respective mission and have since been disbanded.

On January 1, 2006, the **Office of the Independent Budget Analyst (IBA)** was established. Among other duties, this Department assists the City Council in conducting budgetary inquiries and analysis and advises the City Council regarding all legislative items bearing a financial impact on the City of San Diego.

Under the Strong Mayor form of government, the Mayor is responsible for the preparation of the proposed budget, a function previously overseen by the City Manager. As required by the City Charter, the Mayor delivered the proposed budget to the City Council and made it available for public review by April 15, 2006. The IBA issued their review and analysis of the Mayor's Proposed Fiscal Year 2007 Budget (IBA Report Number: 06-18) to the City Council, the Mayor's Office and the public on April 28, 2006.

Independent Budget Analyst.... assists the City Council...in making budgetary decisions.



During the months of April and May the City Council and Budget and Finance Committee held six public hearings, including an evening Community Forum in North Park. During these hearings the Mayor's Chief Financial Officer and City department directors presented budget overviews of 34 City departments and functions. The City Council was able to ask questions of City staff and the IBA raised specific budget issues of concern. Most importantly, citizens throughout the San Diego community were able to share their views on the City's budget.

After completion of the public budget hearings, City Council members were asked to submit individual memoranda on changes that they would recommend to the Mayor's Proposed Budget. After consideration of public input from the hearings; further discussion with City departments; additional IBA analysis; and review of the Councilmembers' memos, on May 19, 2006, the IBA issued report number 06-26, "Recommended Modifications to the Mayor's Proposed Fiscal Year 2007 Budget."

On May 30, 2006 the City Council approved 26 programmatic modifications to the Mayor's Budget together with final technical changes as recommended by the Chief Financial Officer and the IBA; and adopted the Fiscal Year 2007 budget of \$2.6 billion. The Mayor approved the Fiscal Year 2007 Annual Budget on June 7, 2006.

The changes approved by the City Council are captured in IBA Memorandum No. 06-9, can be found under the "Legislative Actions" appendix of this document along with the 2007 Budget Adoption Resolution and the 2007 Appropriations Ordinance. This Ordinance, which was adopted by the City Council on July 31, 2006, establishes the legal budget spending authority for the City.

During the fiscal year, City staff will monitor expenditures and revenue on a Citywide basis, oversee budget transfers and adjustments, and will prepare/review requests for Mayor and City Council actions. Financial reports are prepared for General Fund and Non-General Fund departments throughout the year to ensure budgeted expenditures do not exceed appropriations and these findings are reported to the City Council throughout the year.

■ NEW STRUCTURE

Under the City's new structure, the position of **Chief Operating Officer** reports directly to the Mayor, oversees the City's daily operations, and implements the Mayor's initiatives and objectives.

As part of the Mayor's initiatives, **The Office of Ethics and Integrity (OEI)** has been established to promote a strong ethical work environment for City employees. Additionally several of the governmental relations and communications functions have been consolidated under the **Office of Community and Legislative Services**.

The City's new structure establishes a **Chief Financial Officer** to oversee all financial activities. This includes Financial Management, which provides research and analytical support for the preparation of the Mayor's budget; Financing Services (Debt Management), which coordinates structuring, issuance, and post-issuance administrative functions pertaining to the City's short and long-term financings, and conducts various credit and financial analyses; City Treasurer, which provides responsible management of the public's money; and City Auditor & Comptroller, which provides accounting and auditing services.

*Chief Financial
Officer over all
financial activities*

The City's financial controls previously consisted of the following three departments: City Auditor and Comptroller, City Treasurer, and Financial Management. The many functions that existed within these three departments are now being realigned as one department under the Chief Financial Officer.

The new structure also establishes the **Office of Business and Support Services** to oversee the broader support and administrative functions of the City, such as: Human Resources/Personnel, the Office of Administration, which includes management of City grants, information technology, and Purchasing and Contracting, which includes service agreements and managed competition proposals.

Public Works, Public Safety, Customer and Neighborhood Services, and Land Use and Economic Development are the four main operational areas of the City's new structure. The Mayor consolidated a number of City departments and operational activities under these four areas.

Lastly, as part of the effort for greater transparency in budgeting, several non-general fund departments and programs were assessed and moved into the General Fund due to their primary source of revenue being General Fund monies. It was determined that it was more appropriate to house **Street Division, Centre City Maintenance Coordination** and the **Diversity Program** in the General Fund.

Although many changes are reflected in the Fiscal Year 2007 Budget, the Mayor will continue to explore better ways to conduct City business and identify efficiencies to provide the optimum level of service as the general populace has come to expect.

The following **operational changes** made after adoption of the Fiscal Year 2006 budget are reflected in the Fiscal Year 2007 Annual Budget:

- **City Manager** was changed to Chief Operating Officer
- **Human Resources** was moved out of Risk Management to the Human Resources/Personnel Department
- **Risk Management Department** functions have been divided between the Human Resources/Personnel Department and the Department of Finance

■ BUDGET TRANSITION PLAN ■

- **Construction and Architectural and Engineering Contracts** were moved out of Engineering and Capital Projects Department to be under the Purchasing and Contracting Department
- **Public and Media Affairs Department** was eliminated and its functions assumed under Community and Legislative Services
- **Special Projects** was eliminated
- **Information technology budgets** for the Mayor and City Council were moved from Citywide Program Expenditures and applied directly to the Mayor and City Council budgets
- **Certain non-general fund departments have been moved to the General Fund** if deemed appropriate due to the requirement of significant General Fund support (for example, Street Division, Centre City Maintenance, and the Diversity Program)
- **Office of the Independent Budget Analyst** was added to City Council Administration