

EXECUTIVE SUMMARY

Proposed Council Policy for Community Programs and Projects Funds

OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

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On September 24, 2010, the City Attorney issued a Memorandum of Law (MOL) regarding the Budgeting, Appropriation, and Expenditure of Infrastructure Funds. This MOL discussed the City's practice of carrying over annual savings from each Council Office budget for use in a subsequent year to allocate to community projects at the discretion of each Councilmember in their district. The City Attorney opined that this process was inconsistent with the requirements of the budget process as outlined in the City Charter.

As discussed in the MOL, the major deficiency in the Infrastructure Improvement process was the omission, each year, of the Infrastructure Funds in the proposed and final budgets. While the Annual Appropriation Ordinance identified the Infrastructure Funds and its uses each year, the exclusion of the Infrastructure Funds from the budget document meant that no authority existed to appropriate and expend these funds.

To remedy this, the City's budget could include an appropriation within each City Council Office budget for "Community Discretionary Programs and Projects". To minimize the budgetary impact, these amounts could be based on an estimate of projected savings in each Council Office budget for the current fiscal year (consistent with prior practice). These allocations would be subject to a majority affirmative vote of the Council at the time the annual budget is adopted. If approved by the Council, these allocations would be subject to review and approval (and/or veto) by the Mayor, as with all other budgetary decisions of the Council.

It is recommended that a Council Policy for "Community Discretionary Program and Projects" outlining eligible uses and proper procedures be in place and effective prior to the adoption of the Fiscal Year 2012 budget. This report describes specific elements to be included in the proposed policy. The IBA seeks guidance from the Council on the proposed Council Policy. Depending on the feedback and direction received from the Council, the IBA intends to prepare a proposed Council Policy for review and approval by the Council prior to its final vote on the Fiscal Year 2012 budget which is currently scheduled for Tuesday, June 7, 2011.