

EXECUTIVE SUMMARY

OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

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Item Number: 204

Mid-Year Budget Adjustments

Since implementation of the new Strong Mayor-Strong Council form of government in January 2006, the Mayor and City Council have worked cooperatively to address issues of budget authority between the two branches that were not clearly defined by the Strong Mayor City Charter amendment. A number of important budget policies and principles have been adopted which have helped to clarify roles and responsibilities in the annual budget process. However, a significant issue not addressed in the Charter- that of City Council's authority to adjust the budget during the year- has not been effectively addressed in other documents. As it stands now the Council has no ability to make budget changes to address changing circumstances outside the annual budget process.

Extensive discussions over the past fiscal year at the Budget and Finance and Rules Committees, and meetings between the City Attorney's Office, Mayor's Office and the IBA have resulted in a proposed ordinance with the following requirements:

- The Mayor is required at mid-year to report any projected surplus or deficit to the City Council and provide a recommendation to address the reported surplus or deficit.

- The Council may approve or modify the Mayor's recommendations in whole or in part but Council may not increase the budget by more than \$5 million or more than 50% of any projected surplus, whichever is less. Language also clarifies that this does not apply to other budget modifications proposed by the Mayor.

- Prior to any significant reduction in programs or services affecting the community the Mayor shall provide written notice to the City Council regarding such reduction.

- In the event of a disagreement between the Mayor and Council regarding what constitutes a significant reduction, the Council may put more definition to this through a resolution.

The IBA supports the proposed ordinance which establishes a process for mid-year budget adjustments and defines the roles of both the Mayor and the City Council in that process, and we recommend City Council adoption.