

**OFFICE OF INDEPENDENT BUDGET ANALYST
CITY OF SAN DIEGO
M E M O R A N D U M**

No. 06-16

DATE: July 21, 2006

TO: Honorable Council President and Members of the City Council

FROM: Andrea Tevlin, Independent Budget Analyst

SUBJECT: Fiscal Year 2007 Appropriation Ordinance

On July 17, 2006, the FY 2007 Appropriation Ordinance was presented to the City Council. The Council approved several amendments to the Ordinance based on recommendations from the Office of the Independent Budget Analyst and individual Council members. The Appropriation Ordinance has been modified to reflect these changes, which are detailed below:

1. **Section 2, I (B):** This paragraph has been stricken and recreated as Section 4, such that it now applies to both General Fund and Non-General Fund Departments.
2. **Section 2, II (A)(2):** The word “*Mayor*” has been replaced with “*Council*” and the final sentence of the paragraph beginning with “*The amount...*” has been stricken.
3. **Section 2, II (B)(1):** The following language has been added: “*Nothing contained in this paragraph shall be deemed to constitute a waiver of the ban prohibiting the use of TOT funds for the purchase of alcoholic beverages.*” This language confirms that the waiver of Section B-3 of Council Policy 100-03 does not apply to the use of City funds for alcoholic beverages.
4. **Section 2, IV (A)(1):** The second instance of the word “*may*” has been replaced with “*shall*”.
5. **Section 2, IV (C)(2):** This paragraph has been modified to clarify that the funds referenced are from the Infrastructure Improvement Funds. In addition, language has been added to clarify that the Mayor may identify uses of funds from the Mayor’s Infrastructure Improvement Fund, while individual Council districts may identify uses of funds from their individual Infrastructure Improvement Funds.
6. **Section 12:** This Section has been stricken and recreated as Section 15. The Section has been re-written to state that any residual fund balance resulting from the closure of obsolete or inactive funds shall be returned to their source, or if the General Fund, to the Unappropriated Reserve; and that the CFO will periodically report fund closures to the

Page 2
Honorable Council President and
Members of the City Council
July 21, 2006

City Council and recommend the appropriation of any residual balances.

7. **Section 16:** This Section has been re-created to read as follows: *“The powers of the Council not delegated to the Mayor as specifically set forth herein are reserved to the Council in accordance with the terms of the Charter.”* This new language reflects the IBA’s recommendation in Report 06-32 that was approved by the City Council. The existing Section 16, and all subsequent Sections, has been renumbered accordingly.

The IBA concurs with the modifications outlined above and believes that they are consistent with the intent and direction provided by the City Council at the July 17 meeting.

However, we continue to have concern over the inclusion of Section 14 regarding Business Process Reengineering. Since the BPR Ordinance is not scheduled for its second reading until July 31, the City Council is being asked on July 24 to approve an Appropriation Ordinance that refers to a new BPR Ordinance that has not yet been enacted. The IBA suggests the following options for addressing this issue:

Option 1

- a. Strike Section 14 and act on the Appropriation Ordinance on July 24;
- b. Hear the BPR Ordinance on July 31 as scheduled;
- c. Amend the Appropriation Ordinance to incorporate Section 14.

Option 2

- a. Continue the Appropriation Ordinance to July 31;
- b. Hear the BPR Ordinance on July 31 prior to acting on the Appropriation Ordinance.

[SIGNED]

Andrea Tevlin
Independent Budget Analyst