

FY ~~2012-2013~~ STATEMENT OF BUDGETARY PRINCIPLES

WHEREAS, pursuant to section 265(b)(15) 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 ~~15~~11, ~~2011~~2012, the Mayor released the Fiscal Year ~~2012~~2013 Proposed Budget to the Council and to the public; and

WHEREAS, the Council has duly considered the Mayor's Fiscal Year ~~2012-2013~~ Budget; and

WHEREAS, between May ~~4~~2 and June ~~6~~11, ~~2011~~2012 the City Council held more than two public hearings to consider the City's Fiscal Year ~~2012-2013~~ budget ~~Budget~~ in accordance with San Diego Charter sections 290(b) and 71~~1~~2, and at such meetings members of the public were invited to comment on and ask questions about the Fiscal Year ~~2012-2013~~ Budget; and

WHEREAS, on May ~~23-25~~25, ~~2011~~2012, the Mayor's May revision (May Revision) to the Proposed Budget was presented to the City Council; and ~~and~~

~~WHEREAS, on May 25, 2011, Report No. RA-11-23, detailing the Fiscal Year 2012 Budget related to the payment of costs associated with certain Redevelopment Agency funded projects (Agency Projects Budget Report) was presented to the Budget and Finance Committee of the City Council; and~~

WHEREAS, Council members submitted their budget ideas to the Independent Budget Analyst on ~~May 25, 2011~~June 1, 2012 to assist with the development of final budget recommendations; and

WHEREAS, ~~June 1~~May 23, ~~2011~~2012, the Chief Operating Officer and the ~~Chief Financial Officer~~Financial Management Director provided the City Council with their ~~Supplemental~~ May Revision to the Fiscal Year ~~2012-2013~~ Proposed Budget (~~Supplemental~~ May Revision); and

WHEREAS, on June ~~26~~26, ~~2011~~2012, the Independent Budget Analyst's Final Budget Report and Recommendations on the FY ~~2012-2013~~ Budget (IBA ~~FY 2012 Budget Report~~Review of the FY 2013 May Revise and Recommended Revisions to the Mayor's FY 2013 Budget) was issued; and

WHEREAS, on June ~~6~~11, ~~2011~~2012, the City Council approved the City's Fiscal Year ~~2012-2013~~ Budget, including the Mayor's Proposed Budget, as modified by the May Revision, ~~but excluding the Supplemental May Revision~~, and including the

recommendations in the IBA FY 2012-2013 Budget-Report and the Agency Projects Budget Report, 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 290(b)(2); and; and

WHEREAS, on June ~~xx26, 2011~~2012 the Mayor approved the Fiscal Year 2012 2013 Budget, ~~r~~-in accordance with Charter section 290(b)(2)(A); and

WHEREAS, in accordance with Charter section 290(b)(2), on June ~~xx26, 2011~~2012 the Fiscal Year 2012-2013 Budget became the controlling document for purposes of preparing the annual appropriation ordinance; and

WHEREAS, pursuant to Charter section 71 and 290(c), the Council is required to adopt an appropriation ordinance during the month of July to establish budgetary appropriations for the Fiscal Year 2012-2013 Budget; and

WHEREAS, the Mayor and the Council acknowledge that the Fiscal Year 2012 2013 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, the City Council adopted Ordinance 20084 on August 4, 2011, which outlined amendments to the Municipal Code in regard to reporting mid-year budget adjustments 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 2012-2013 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;

Accordingly, the Mayor and the Council hereby agree to adhere to the following budgetary principles for the Fiscal Year 2012-2013 Budget:

Fiscal Year 2012-2013 Budget---Communication

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.

~~Under pre-defined criteria as set forth below, the Mayor will provide Council with prior written notice of the elimination of any program or service funded by the Fiscal Year 2012 2013 Budget. The notice shall describe with reasonable specificity the budgetary and/or fiscal rationale supporting the elimination of the program or service, and the service level impact, if any.~~

3. Consistent with O-20084, prior to any significant reduction or elimination of programs or services affecting the community, 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. In the event there is any disagreement between the Mayor and City Council regarding what constitutes a significant reduction, the City Council may establish specific funding reduction levels by resolution.

- ~~3. The Mayor will also provide Council with prior written notice of a material or significant reduction in any program or service affecting the community based on the criteria set forth below. Such notice will consist of a memo from the Mayor to the Council and the City Clerk describing the budgetary and/or fiscal reasons supporting the change, and the likely service level impact. Notwithstanding the forgoing, the Mayor need not give notice of any change or modification that results in a more efficient delivery of public services and that accomplishes the legislative intent.~~

~~Written notification of a service or program reduction will be triggered by criteria based on four categories of Fund Centers at the Group Level (as identified in the City’s new Financial Accounting System) and the corresponding size of the proposed service reduction:~~

Fund Center/Group Level*	Up to \$2.0M	\$2.0M to \$5.0M	\$5.0M to \$10.0M	\$10.0 M Plus
Service Criteria Trigger	\$200,000+	\$500,000+	\$1.0M+	\$1.5M+

~~*As identified in the new financial accounting system (OneSD).~~

~~Notwithstanding anything herein to the contrary, the Mayor shall provide written notice to the Council, as part of the City Comptroller’s reports as required by Charter Section 39, and also as part of the Mayor’s next quarterly report to the Council, when the cumulative amount of Fiscal Year 2012 2013 budgetary reductions undertaken for any reasons reaches 3% of the General Fund of the City, or 3% of any other Major Fund of the City (provided that any such reductions shall not cause the City to breach or violate any covenant or other obligation to which such Major Fund may~~

~~be subject). Such notice shall describe the nature of the budgetary reductions, the fiscal reasons therefor, and the impact on City services, if any. For purposes of this paragraph, Major Fund of the City shall mean the Water Enterprise Fund, the Sewer Enterprise Fund, the Development Services Enterprise Fund, and the Airports Enterprise Fund.~~

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 2012-2013 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 2012-2013 Budget.
2. The Mayor shall in good faith fulfill the legislative intent reflected in the adopted Fiscal Year 2012-2013 Budget, including the appropriations reflected in the Fiscal Year 2012-2013 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 2012-2013 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 2012-2013 Budget appropriations within departments in order to best carry out the Council's legislative intent.
5. The Appropriation Ordinance implements the Fiscal Year 2012-2013 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, and shall

not apply to offices independent of the Mayor. This Statement of Budgetary Principles is subject in all respects to the provisions of the City Charter.