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## ARTICLE VII

*(Effective 01-01-2006, all executive authority, power, and responsibilities conferred upon the City Manager in this Article were transferred to the Mayor. See section 260.)*

### FINANCE

#### **Section 68: Budget and Accounting System**

A complete budget and accounting system of municipal receipts and expenditures is hereby established.

*(Amendment voted 04-21-1953; effective 05-29-1953.)*

[Prior Language](#)

#### **Section 69: Fiscal Year and Manager's Estimate**

The fiscal year of the City shall begin with the first day of July and shall end with the next succeeding 30th day of June. On or before the first meeting in May of each year the Manager shall prepare and submit to the Council a budget of the expense of conducting the affairs of the City for the ensuing fiscal year. Departments not under the Manager shall submit their annual budget estimates to the Manager, or to such official as he may designate, and in such form as he shall require on or before April 1 for transmittal in proper form by the Manager to the Council. The budget shall include a summary outline of the fiscal policy of the City for the budget year, describing in connection therewith the important features of the budget plan; a general budget summary setting forth the aggregate figures of the budget in such manner as to show the balanced relations between the total proposed expenditures and the total anticipated income and other means of financing the budget for the ensuing year, contrasted with corresponding figures for the current year. The classification of the estimate shall be as nearly uniform as possible for the main divisions of all Departments and shall furnish necessary detailed fiscal information.

The Council shall provide for printing a reasonable number of copies of the estimate thus prepared, for examination or distribution to citizens at least fifteen days before final passage. Copies shall also be furnished to the newspapers of the City and to each library thereof which is open to the public.

*(Amendment voted 11-06-1962; effective 01-21-1963.)*

*(Amendment voted 11-04-1969; effective 01-29-1970.)*

*(Section 69 is modified by contrary language in Charter section 265(b)(14) during the operative period of Charter Article XV.)*

[Prior Language](#)

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**Section 70: Power to Fix Salaries**

The Council shall have the power to fix salaries of the City Manager, the City Clerk, the City Treasurer, the City Auditor and Comptroller, and all other officers under its jurisdiction. All members of Commissions shall serve without compensation except where otherwise provided by State law or this Charter. Except as otherwise provided by law, the City Manager and other departmental heads outside of the departments under control of the City Manager shall have power to recommend salaries and wages subject to the personnel classification determined by the Civil Service Commission, of all other officers and employees within the total amount contained in the Annual Appropriation Ordinance for personal service in each of the several departments of the City Government. All increases and decreases of salary or wages of officers and employees shall be determined at the time of the preparation and adoption of the budget, and no such increase or decrease shall be effective prior to the fiscal year for which the budget is adopted; provided, however, that if during any fiscal year, the Council should find and determine that because of a significant change in living costs, the salaries and wages fixed for such fiscal year are not comparable to the level of other salaries and wages of other public or private employments for comparable services and as a result, the best interests of the City are not being protected or are in jeopardy, said Legislative Body, upon recommendation of the Manager or other department head, and if funds are available, may revise such salary and wage schedules to the extent necessary to protect the City's interests.

*(Amendment voted 03-13-1951; effective 03-26-1951.)*

*(Amendment voted 11-08-1977; effective 01-20-1978.)*

[Prior Language](#)

**Section 71: Preparation and Passage of Annual Appropriation Ordinance**

Upon receipt of the Manager's estimate the Council shall prepare an appropriation ordinance using such estimate as a basis. The form, arrangement and itemization of the appropriation ordinance shall be determined and prescribed by the Auditor and Comptroller, and City Attorney. Provision shall be made by the Council for a minimum of two (2) public hearings upon the appropriation ordinance either before a Committee of the Council or before the Council sitting as a committee of the whole. Following the public hearings the appropriation ordinances shall take the same course in the Council as other ordinances and shall be adopted during the month of July. The Council may reduce or eliminate any new item, may increase any amount or add any item for personal services, contractual services, materials, supplies, and equipment for any Department. However, the appropriation for the general operations of the City excluding water utilities funds, capital improvements, bond interest and redemption, retirement system contributions, grant funded programs, all other special funds in existence prior to the effective date of this section and expenditures to pay judgments or extraordinary claims or to defray the cost of emergency measures as defined in Section 17 of this Charter shall

not exceed the prior year's appropriation for general operations of the City, with the stated exclusions, adjusted by no more than three quarters (3/4) of the percentage change in the price index added to any percentage increase in population growth. For purposes of this limitation, the term "percentage change in price index" shall be the percentage change from the first full quarter of the prior calendar year to the first full quarter of the current calendar year in the costs of goods and services purchased by local governments, as determined by the City Auditor and Comptroller from information published by United States Department of Commerce or other official government sources. The term "percentage increase in population growth" shall be any percentage increase from the first full quarter of the prior calendar year to the first full quarter of the current calendar year in the total population of the City as estimated by the Planning Director. This limitation shall not apply to any expenditure approved by a majority of the qualified electors of the City voting at a general or special election subsequent to the effective date of this section. In the event that the revenues for the general operations of the City, with the stated exclusions, exceed the appropriation for such operations by more than 5%, such excess shall be used solely for tax reductions or tax refunds in a manner determined by the City Council. Upon final passage, the appropriation ordinance shall be published in the manner provided for the publication of other ordinances.

*(Amendment voted 11-06-1962; effective 01-21-1963.)*

*(Amendment voted 11-04-1969; effective 01-29-1970.)*

*(Amendment voted 11-07-1978; effective 01-12-1979.)*

*(Effective 07-08-2008, the authority, power, and responsibilities conferred upon the Auditor and Comptroller by this Charter were transferred to the Chief Financial Officer. See section 39.)*

[Prior Language](#)

### **Section 71a: Reappropriations at Beginning of Fiscal Year for Salaries and Maintenance and Support Expenses**

If at the beginning of any fiscal year the appropriations necessary for the support of the various City offices, departments, services or institutions for such fiscal year shall not have been made, the several amounts appropriated in the Annual Appropriation Ordinance for the preceding year for the objects and purposes therein specified, so far as the same shall relate to salaries and wages and maintenance and support expenses, shall be deemed to be reappropriated for the several objects and purposes specified in said previous year's Annual Appropriation Ordinance until the Council shall adopt the Annual Appropriation Ordinance for the new fiscal year; and during such interim the Auditor and Comptroller shall approve the payments necessary for the support of the various City offices, departments, services and institutions on the basis of the appropriations of the preceding fiscal year.

*(Addition voted 04-20-1943; effective 05-04-1943.)*

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*(Effective 07-08-2008, the authority, power, and responsibilities conferred upon the Auditor and Comptroller by this Charter were transferred to the Chief Financial Officer. See section 39.)*

**Section 72: Appropriation Accounts**

Accounts shall be kept by the Auditor and Comptroller for each item of appropriation made by the Council. Each such account shall show in detail the appropriations made thereto, the amount drawn thereon, the transfers made thereto, the unpaid obligations charged against it, and the unencumbered balance to the credit thereof. Upon completion of a project for which specific ordinance appropriation is made, it shall be the duty of the Director of the Department concerned at once to so notify the Auditor and Comptroller by letter of completion and clearance. The Auditor and Comptroller shall thereupon transfer any unexpended balance to the general fund. If after one year from date of approval of such ordinance, the Auditor and Comptroller has not received notice of completion or that the work is not progressing, he shall without further consideration restore the unexpended balance in the item so set up to the general fund.

*(Effective 07-08-2008, the authority, power, and responsibilities conferred upon the Auditor and Comptroller by this Charter were transferred to the Chief Financial Officer. See section 39.)*

**Section 73: Transfer of Appropriations**

Upon the written recommendation of the Manager, the Council may at any time transfer all or part of an unencumbered balance of an appropriation to a purpose or object for which the appropriation for the current year has proved insufficient, or may authorize a transfer to be made between items appropriated for the same Department or office; provided, however, the Council shall have no authority to transfer all or any part of the salary account during the fiscal year to any other purpose, save and except in the event of a public emergency, and then only for the purpose of insuring the safety and lives and property of the inhabitants of The City of San Diego.

**Section 74: Appropriation Required for City Debt**

An appropriation on account of the debt of the municipality, at least equal to the amount or amounts, estimated by the Manager to be required for the purpose, shall be included in each Annual Appropriation Ordinance passed by the Council. If for any reason the Council fail to include such an appropriation in the Annual Appropriation Ordinance or shall appropriate for the debt of the municipality less than estimated by the Manager to be required for that purpose, or less than that actually required for that purpose, the Auditor and Comptroller shall nevertheless cause to be set up, an appropriation account for the full amount so estimated or actually required and shall, notwithstanding any other appropriation made by the Council, transfer to such account out of any moneys of the

municipality derived from taxes and paid into the Treasury, such amount or amounts as may be necessary to bring the appropriation for the City debt up to the full amount of the Manager's estimate or the sum actually required.

Any taxpayer of the City or owner of any bond thereof may bring suit against the Auditor and Comptroller in the Superior Court to enforce the provisions of this section and if, upon such suit, it be found that the Council has failed to make an appropriation for the full amount estimated by the Manager and actually required for the City debt and that the Auditor and Comptroller has failed to set up the appropriation account and provide for transfers thereto as required by this section, the court shall order the establishment of such appropriation account and the necessary transfers thereto as hereinbefore provided. And such action by the court shall have the same force and effect in regard to appropriations for the City debt as though taken by the Council in the Annual Appropriation Ordinance.

*(Effective 07-08-2008, the authority, power, and responsibilities conferred upon the Auditor and Comptroller by this Charter were transferred to the Chief Financial Officer. See section 39.)*

#### **Section 75: Annual Tax Levy**

The Council shall adopt, not later than the last day in August of each year, an ordinance levying upon the assessed valuation of all property in the City, a rate of taxation sufficient to raise the amount estimated to be required in the annual budget and as herein provided, less the amounts estimated to be received from fines, licenses, and other sources of revenue, using as a basis the value of the property as assessed by the County Assessor, as the same may be equalized and returned to the Council by County Auditor as provided by general law. The Council shall immediately thereafter transmit to the County Auditor of the County of San Diego, a statement of such rate or rates so fixed by it.

*(Amendment voted 11-04-1975; effective 12-01-1975.)*

[Prior Language](#)

#### **Section 76: Limit of Tax Levy**

The tax levy authorized by the Council to meet the Municipal expenses for each fiscal year shall not exceed the rate of \$1.34 on each \$100.00 of assessed valuation of the real and personal property within the city. In addition to the foregoing tax levy, the Council, if necessary, shall levy annually a sum sufficient to meet the requirements of the pension funds herein provided for the Police and Fire Departments and the City Employees' Retirement Fund. No special tax shall be permitted except as expressly authorized by this Charter. The foregoing limitations shall not apply in the event of any great necessity or emergency, in which case they may be temporarily suspended, provided that no increase over said limits, except as in this Charter prescribed shall be made in any fiscal

year unless authorized by ordinance adopted by the vote of two-thirds of the electors of this City voting on the proposition, and provided further that no indebtedness shall ever be incurred by The City of San Diego for public improvements which shall in the aggregate exceed twenty- five per cent (25%) of the assessed value of all real and personal property of such City, anything in this Charter contained to the contrary notwithstanding. This limitation on the part of the City to incur indebtedness shall be construed to include any indebtedness which may be incurred by special taxes or by the voting of bonds by the electors.

### **Section 76.1: Special Taxes**

Notwithstanding any provision of this Charter to the contrary, a special tax, as authorized by Article XIII A of the California Constitution may be levied by the Council only if the proposed levy has been approved by a two-thirds vote of the qualified electors of the City voting on the proposition; or if the special tax is to be levied upon less than the entire City, then the tax may be levied by the Council only if the proposed levy has been approved by a two-thirds vote of the qualified electors voting on the proposition in the area of the City in which the tax is to be levied.

*(Amendment voted 11-08-1983; effective 12-30-1983.)*

### **Section 77: Capital Outlay Fund**

There is hereby created a fund in the City Treasury, to be known as the Capital Outlay Fund. Into this fund each year there shall be placed all moneys derived from taxation required or needed for capital outlay expenditures and all proceeds received from the sale of city-owned real property.

The moneys in the Capital Outlay Fund shall be used exclusively for the acquisition, construction and completion of permanent public improvements, including public buildings and such initial furnishings, equipment, supplies, inventory and stock as will establish the public improvement as a going concern. This fund may also be used for the acquisition, construction and completion of real property, water and sewer mains and extensions, and other improvements of a permanent character and also the replacement or reconstruction of the same, but not the repair or maintenance thereof, and shall not be used for any other purpose or transferred from said fund, except with the consent of two-thirds of the qualified electors of said City, voting at a general or special election.

No moneys in said fund shall be transferred at the end of a fiscal year, but shall remain therein as trust moneys for the purposes above outlined, and the said fund shall be used and maintained, if possible, as a cash reserve to enable the City to meet public emergencies or acquire needed permanent public improvements without the issuance of bonds.

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Each year the Council may appropriate from said fund in the Annual Appropriation Ordinances, except for use of the Harbor Department, sufficient moneys to care for the needs of the various departments of the City for capital outlay expenditures of a permanent character.

*(Amendment voted 04-22-1941; effective 05-08-1941.)*

*(Amendment voted 04-20-1943; effective 05-04-1943.)*

*(Amendment voted 04-19-1949; effective 05-20-1949.)*

*(Amendment voted 11-06-1962; effective 01-21-1963.)*

*(Amendment voted 06-07-1966; effective 06-29-1966.)*

[Prior Language](#)

### **Section 77a: Provisions for Zoological Exhibits**

The Council shall levy annually, in addition to all other taxes provided for in this Charter, not less than two cents (\$0.02) on each one hundred dollars (\$100.00) of the assessed valuation of the real and personal property within the City, to be used exclusively for the maintenance in Balboa Park of zoological exhibits.

Whenever the Council deems it to be for the best interests of the City, the Council may enter into a contract, upon such terms and conditions as the Council may prescribe, for the maintenance in Balboa Park of zoological exhibits, with any organization formed primarily for the purposes of maintaining zoological gardens and zoological exhibits and conducting general zoological work; and may make available to such organization the proceeds of the special tax levy provided for in this section.

*(Addition voted 11-06-1934; effective 01-21-1935.)*

*(Amendment voted 04-22-1941; effective 05-08-1941.)*

[Prior Language](#)

### **Section 77b: Public Transportation**

The Council may levy, in addition to all other taxes provided for in this Charter, a special tax in an amount not to exceed ten cents (\$0.10) on each one hundred dollars (\$100.00) of the assessed valuation of all real and personal property within the City, to be used for discharging any obligations undertaken by the City to acquire, develop, operate or maintain a public transportation system or to assist a nonprofit corporation to acquire, develop, operate or maintain a public transportation system.

The Council may establish special funds, execute contracts, acquire property by purchase, devise, lease, gift or condemnation, and may sell, lease, convey, exchange, dispose of, or lend property or funds in order to provide, promote or preserve a public transportation system. The enumerated powers in this section are in aid of public transportation and shall not be limited by any other provisions of this Charter.

*(Addition voted 06-07-1966; effective 06-29-1966.)*

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**Section 78: Assessment and Collection of Taxes**

The Council shall by ordinance provide that the assessment and collection of taxes for The City of San Diego shall be performed by the County Assessor and County Tax Collector of the County of San Diego and make such arrangements to carry out the provisions of this ordinance. Provided, however, that if at any time the majority of the electors of The City of San Diego voting at an election for that purpose, decide to have the City assume the duty of assessing and collecting the taxes for municipal purposes, then the Council may by ordinance provide for such assessment and collection of taxes by City officers and make the necessary arrangements to carry out the will of the people as expressed at such election.

**Section 79: Special Assessments**

The Council shall have power by ordinance to provide for the payment of all or any part of the cost of any public service or of the acquisition of any land or other property for public use, or of the construction, reconstruction, operation or maintenance of any structure or work in the nature of a public facility or improvement, by levying and collecting special assessments upon property specially benefitted. The mode and manner for the acquisition of any land or other property for public use or of the construction, reconstruction, operation or maintenance of any structure or work in the nature of a public facility or improvement and the levying and collecting of special assessments therefor shall be as prescribed at that time by the general law of the State of California relative thereto; unless the Council shall by ordinance provide otherwise.

The legal and engineering work of preparing proceedings, plans and specifications, costs and estimates of any improvements under this Section shall be done and performed by the offices of the City Attorney and City Engineer respectively. However, if there shall be filed with the City Clerk for presentation to the Council a request in writing by property owners interested that such legal and engineering work be performed by attorneys and engineers outside of the City employ, the Council may so provide. As a condition precedent to the Council's granting permission for the employment of private attorneys or engineers, the property owners interested, the private attorney or the engineer, as appropriate, shall agree to hold the City free and harmless of and from any and all liability or cost or expense if for any reason the project is abandoned by the Council or the assessments are not levied or collected. On City-initiated projects toward which the City or other public agency contributes a portion of the costs, the Council may provide for the employment of private attorneys or engineers without requiring compliance with the foregoing condition precedent.

*(Amendment voted 06-07-1966; effective 06-29-1966.)*

[Prior Language](#)

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**Section 80: Money Required to Be in Treasury**

No contract, agreement, or other obligation, involving the expenditure of money out of appropriations made by the Council in any one fiscal year shall be entered into, nor shall any order for such expenditure be valid unless the Auditor and Comptroller shall first certify to the Council that the money required for such contract, agreement or obligation for such year is in the treasury to the credit of the appropriation from which it is to be drawn and that it is otherwise unencumbered. The certificate of the Auditor and Comptroller shall be filed and made a matter of record in his office and the sum so certified as being in the treasury shall not thereafter be considered unencumbered until the City is discharged from the contract, agreement or obligation. All unencumbered moneys actually in the treasury to the credit of the appropriation from which a contract, agreement or obligation is to be paid and all moneys applicable to its payment which before the maturity thereof are anticipated to come into the treasury to the credit of such appropriation shall, for the purpose of such certificate, be deemed in the treasury to the credit of the appropriation from which the contract, agreement or obligation is to be paid. *(Amendment voted 06-04-1968; effective 07-22-1968.)*

*(Effective 07-08-2008, the authority, power, and responsibilities conferred upon the Auditor and Comptroller by this Charter were transferred to the Chief Financial Officer. See section 39.)*

[Prior Language](#)

**Section 81: Allotments**

The Manager shall be responsible for establishing internal budgetary allotments based on the allocations contained in the annual appropriation ordinance for each department of the City.

*(Amendment voted 11-04-1969; effective 01-29-1970.)*

[Prior Language](#)

**Section 82: Examination and Investigation of Claims by the Auditor and Comptroller**

The Auditor and Comptroller shall examine all payrolls, bills, and other claims and demands, except claims for damages against the City, and shall issue no warrant or check-warrant for payment unless he finds that the claim is in proper form, correctly computed, and duly approved; that it is legally due and payable; that an appropriation has been made therefor which has not been exhausted; and that there is money in the treasury to make payment. He may investigate a claim and for that purpose may summon before him any officer, agent or employee of the City, any claimant or other person, and examine him upon oath or affirmation relative thereto, and if he finds a claim to be fraudulent, erroneous or otherwise invalid, he shall not issue a warrant or check-warrant therefor. If the Auditor and Comptroller issue a warrant or check-warrant on the treasury authorizing payment of any claim in contravention of the provisions of this Section, he

and his sureties shall be jointly and severally liable to the City for the amount of such warrant or check-warrant if paid. All payrolls, bills and other claims and demands under the provisions of this section may be paid by warrants or check-warrants as authorized by the provisions of Section 53911 of the Government Code of the State of California.

*(Amendment voted 09-17-1963; effective 02-11-1964.)*

*(Effective 07-08-2008, the authority, power, and responsibilities conferred upon the Auditor and Comptroller by this Charter were transferred to the Chief Financial Officer. See section 39.)*

[Prior Language](#)

### **Section 83: Payment of Claims Against the City**

No claim against the City shall be paid except by means of a check-warrant authorized under the provisions of Section 53911 of the Government Code or a warrant on the treasury issued by the Auditor and Comptroller. The Auditor and Comptroller shall issue no warrant or check-warrant for the payment of a claim unless the claim be evidenced by voucher approved by the head of the Department or office for which the indebtedness was incurred, and each such officer and his surety shall be liable to the City for all loss or damage sustained by reason of his negligence or corrupt approval of any claim. No demand shall be allowed, approved, audited, or paid unless it shall specify each item of the claim and the date thereof; provided, however, that warrants or check-warrants for salaries of officers and employees shall be allowed by the Auditor and Comptroller and paid regularly from the treasury without the necessity of any demand therefor or approval thereof as in this section prescribed for other claims.

*(Amendment voted 06-05-1956; effective 01-10-1957.)*

*(Amendment voted 09-17-1963; effective 02-11-1964.)*

*(Effective 07-08-2008, the authority, power, and responsibilities conferred upon the Auditor and Comptroller by this Charter were transferred to the Chief Financial Officer. See section 39.)*

[Prior Language](#)

### **Section 84: Money to Be Drawn from Treasury in Accordance with Appropriation**

No money shall be drawn from the treasury of the City, nor shall any obligation for the expenditure of money be incurred, except in pursuance of the Annual Appropriation Ordinance, and preliminary appropriation ordinance, or of the annual appropriation changed as authorized by Section 73 and subsection (h) of Section 69 of this Article. At the close of each fiscal year any unencumbered balance of an appropriation except retirement funds, and such trust funds as may be established by this Charter shall revert to the fund from which appropriated and shall be subject to reappropriation but appropriations may be made by the Council, to be paid out of the revenues of the current year, in furtherance of improvements or other objects or works which will not be

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completed within the year, and any such appropriation shall continue in force until the purpose for which it was made shall have been accomplished or abandoned.

**Section 85: Daily Deposits of Money**

All moneys received from taxes, licenses, fees, fines, penalties and forfeitures and all moneys which may be collected or received by any officer of the City in his official capacity, or from any Department of the City for the performance of any official duty and all moneys accruing to the City from any source and all moneys directed by law or by this Charter to be paid or deposited in the treasury, shall be paid into the treasury daily.

**Section 86: Disposition of Public Moneys**

All City officials and employees empowered to collect money for fees, permits, licenses, inspections, services, taxes or other municipal charges, shall collect the same promptly at the time they become due, turn them into the City Treasury daily, obtain a receipt therefor, and report the same to the City Auditor and Comptroller weekly; provided, however, that in the case of employees located in distant parts of the city or county who in the course of their duties collect money belonging to the City, which collections can be deposited in the City Treasury daily only with difficulty and undue cost to the City, such collections may be deposited in the City Treasury within one week after their receipt by the employee collecting the same. All such moneys and all fines or pecuniary penalties or forfeitures which may accrue to the City, and all funds which may remain in the possession of the City unclaimed after a period of one year from the date when due and payable, shall be credited to the general fund of the City, and shall be applicable to any purpose to which the Council may appropriate them and the Council shall appropriate from this fund whatever sum may be necessary to pay valid claims of more than one year's standing.

*(Amendment voted 04-22-1941; effective 05-08-1941.)*

*(Effective 07-08-2008, the authority, power, and responsibilities conferred upon the Auditor and Comptroller by this Charter were transferred to the Chief Financial Officer. See section 39.)*

[Prior Language](#)

**Section 87: Uniform Accounts and Reports**

The Auditor and Comptroller shall prescribe uniform forms of accounts which shall be observed by all officers and Departments of the City which receive or disburse City moneys. Whenever an act shall be passed by the legislature of the State providing for uniform municipal accounts or reports, the City Council may elect to conform thereto. *(Effective 07-08-2008, the authority, power, and responsibilities conferred upon the Auditor and Comptroller by this Charter were transferred to the Chief Financial Officer. See section 39.)*

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**Section 88: Monthly Reports of Officers**

At least monthly every officer authorized by law to charge any fee, commission, percentage, allowance or compensation, must make a written report to the Auditor and Comptroller of all moneys received by him during the preceding accounting period.  
*(Amendment voted 06-04-1974; effective 08-13-1974.)*  
*(Effective 07-08-2008, the authority, power, and responsibilities conferred upon the Auditor and Comptroller by this Charter were transferred to the Chief Financial Officer. See section 39.)*

[Prior Language](#)

**Section 89: Monthly Statements by the Auditor and Comptroller**

The Auditor and Comptroller shall prepare for submission to the Council at least monthly, or when requested, a summary statement of revenues and expenses for the preceding accounting period, detailed as to appropriations and funds in such manner as to show the exact financial condition of the City and of each Department and Division thereof as of the last day of the previous accounting period.

*(Amendment voted 06-04-1974; effective 08-13-1974.)*

*(Effective 07-08-2008, the authority, power, and responsibilities conferred upon the Auditor and Comptroller by this Charter were transferred to the Chief Financial Officer. See section 39.)*

[Prior Language](#)

**Section 90: Contracting Bonded Indebtedness**

- (a) Whenever the Council shall determine that the public interest or necessity demands the acquisition, construction or completion of any municipal improvement authorized to be acquired, constructed, completed or maintained by The City of San Diego, the cost of which will be too great to be paid out of the ordinary annual income and revenue of said City, the Council may contract bonded indebtedness for said purposes or any of them, pledging the credit of the City or the property or revenue of any public utility owned by the City and the proceedings taken for incurring such indebtedness shall be in accordance with the mode and manner prescribed by the provisions of the general laws of the State of California relative to incurring bonded indebtedness by municipalities in force at the time such proceedings are taken. Every ordinance or resolution determining that the public interest or necessity demands such improvement shall be adopted only by a vote of five members of the Council and it shall require a vote of two-thirds of the electors voting on each proposition at a regular or special election for the issuance of such bonds before said indebtedness or liability for said improvements may be incurred, except ordinances authorizing such bond

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issues as are specified in Section 92 of this Article. No bonds, except such bonds as have been heretofore or maybe hereafter issued for the purpose of acquiring, constructing or completing improvements for the development, conservation and furnishing of water as hereinafter provided, shall be issued on the credit of the City which will increase the bonded indebtedness of said City beyond ten per cent of the assessed valuation of all real and personal property of said City subject to direct taxation as shown by the last preceding valuation for City taxes.

- (b) Whenever the Council shall determine that the public interest or necessity demands the acquisition, construction or completion of any municipal improvement for the development, conservation and furnishing of water, whether in the County of San Diego or elsewhere, the Council may contract bonded indebtedness for such improvement for the development, conservation and furnishing of water whenever authorized to do so by a vote of two-thirds of the electors voting at an election held for that purpose in the manner and mode prescribed by the general laws of the State of California in force at the time of holding said election. Bonds issued by virtue of the authority of this paragraph (b) including all bonds now outstanding for the purpose of development, conservation and furnishing of water, shall not exceed in amount the sum of fifteen per cent of the assessed valuation of all real and personal property of said City subject to direct taxation as shown by the last preceding valuation for City taxes. The fifteen per cent limitation contained herein shall be in addition to the amount authorized to be issued for other improvements as set forth in paragraph (a) of this section, it being the intent and purpose of this language to permit the City to incur a bonded indebtedness in an amount not to exceed ten per cent for all municipal improvements other than the development, conservation and furnishing of water, and in addition thereto to authorize bonds in an amount not to exceed fifteen per cent of the assessed valuation for the development, conservation or furnishing of water; provided, however, that indebtedness and liability for municipal improvements of every kind and character authorized to be incurred by the provisions of this Charter shall not exceed in amount the sum of twenty-five percent of the assessed valuation of all real and personal property of said City subject to direct taxation as shown by the last preceding valuation for City taxes.
- (c) Every issue of bonds authorized by the provisions of this Section shall be payable within a term of years not to exceed the estimated period of usefulness of the property or improvement for which issued, and in no case to exceed the constitutional limit; provided, that at any time the Council may postpone the payment on all bonds issued for an income-producing utility for a period of five years from date of issue, but shall provide for the interest payment from the date of issue.

- (d) When the municipal improvement for which the bonds were voted, as provided in the foregoing Subdivisions of this Section, has been fully completed, all or any surplus money derived from the sale of said bonds remaining in the City Treasury shall be used exclusively for the purpose of redeeming said bonds or paying the interest thereon.

### **Section 90.1: Waterworks**

Subdivision 1. Unless the context otherwise requires, the definitions set forth in this subdivision govern the construction of this section.

“City” means The City of San Diego.

“This section” means this amended Section 90.1.

“Waterworks” means all facilities, property and works of the City for the development, obtaining, conservation, production, storage, treatment, transmission, furnishing and distribution of water for public and private use (whether located within or without the City) and shall comprise the public utility system of the City for water purposes, as mentioned in Section 1 of this Charter.

“Revenues” includes all moneys received from rates, tolls, or charges for water or for service from the waterworks or any part thereof, and all other income and receipts derived from the use of or operation of the waterworks or any part thereof, or otherwise arising from the waterworks or any part thereof, or any other income of the Water Department and includes interest on all funds derived from or established for the waterworks. “Revenues” shall not be construed to include taxes or assessments.

“Water rates” means rates, tolls or charges for water or for service by the waterworks or any part thereof.

Subdivision 2. Revenue bonds to provide money for the acquisition and construction of additions to and extensions and improvements of the waterworks of the City and the reconstruction and replacement of parts of such waterworks and the acquisition of all lands, easements, rights and property necessary for such purposes, may be issued as provided in this section. Any issue of revenue bonds may be for any or all of said purposes. Such revenue bonds, hereinafter sometimes called “bonds” or “revenue bonds” shall not constitute an indebtedness of the City but shall constitute obligations which shall be payable, principal and interest and any premiums upon the redemption thereof prior to maturity, only from a special fund which shall consist of such revenues of the Water Department as are in excess of the amount needed to operate and maintain the Water Department (and said special fund is presently designated and is sometimes hereinafter in this section called the “Water Department Revenue Bond Fund”);

provided, however, that this shall not preclude the payment or redemption of such bonds from the proceeds of refunding bonds issued to refund said revenue bonds or the use of accrued interest and premiums paid upon the sale and delivery of the revenue bonds for the payment of principal thereof or interest thereon. Refunding revenue bonds for the purpose of refunding any revenue bonds issued under this section may be issued as provided in this section and shall be payable only from the fund from which the revenue bonds to be refunded are payable. No restriction or limitation upon or procedure for the issuance of bonds in other sections of this Charter shall apply to revenue bonds issued under this section (including refunding revenue bonds) and this section shall constitute complete authority for the issuance of such revenue bonds (including such refunding revenue bonds) and no action or proceeding not required by this section shall be necessary for the valid authorization and issuance of such revenue bonds. No revenue bond issued under this section or any interest payable thereon shall be or become an obligation chargeable or enforceable against any of the tax revenues of the City or any other revenues of the City except such revenues of the Water Department as are in excess of the amount needed to operate and maintain the Water Department.

Subdivision 3. The limitations upon bonded indebtedness of The City of San Diego contained in sections 76 and 90 of this Charter or in any other section or provision thereof shall not apply to revenue bonds issued under the provisions of this section and payable exclusively from the fund mentioned in Subdivision 2 hereof derived from revenues from the waterworks of the City and not payable from taxes levied by the City. Waterworks revenue bonds payable from a special fund derived from revenues of the Water Department shall not be deemed indebtedness of the City within the meaning of the debt limitation provisions contained in sections 76 and 90 of this Charter or in any other section thereof.

Subdivision 4.

- (a) To provide money for the acquisition and construction of additions to and extensions and improvements of the waterworks of the City and the reconstruction and replacement of parts of such waterworks and the acquisition of all lands, easements, rights and property necessary for such purposes, the Council may issue, in one issue or in separate issues or series from time to time, under this section, revenue bonds not to exceed \$11,000,000 in total principal amount. All waterworks revenue bonds in excess of said sum of \$11,000,000 shall be authorized by proceedings taken in the manner hereinafter provided in paragraph (b) of this subdivision.
- (b) Except as provided in paragraph (a) of this subdivision, revenue bonds payable from revenues of the Water Department may be authorized only in the manner provided in this paragraph (b).

The first step in the proceedings shall be a recommendation by the City Manager, which recommendation shall state generally the purposes of the proposed revenue bond issue and the principal amount thereof and his recommendation that revenue bonds be issued hereunder. Such recommendation need not be in any particular form.

After the recommendation by the City Manager has been received by the Council it may adopt an ordinance finding the need for the issuance of revenue bonds under this section in the amount and for the purposes set forth in the recommendation of the City Manager. The Council, by said ordinance, shall submit to the qualified voters of the City, at an election held for that purpose, the question of issuing revenue bonds pursuant to this section to provide moneys for the purposes stated in the recommendation of the City Manager.

The Council, by a vote of two-thirds of the members thereof, may adopt a resolution stating that it determines to proceed under this section without a recommendation by the City Manager and in that case such resolution shall constitute the first step in the proceeding. Any such resolution also shall state generally the purposes of the proposed revenue bond issue and the principal amount thereof, and in the event such resolution is adopted no recommendation of the City Manager shall be required and the ordinance calling the election shall find the need for the issuance of revenue bonds under this section in the amount and for the purposes stated in such resolution. In the event the Council adopts a resolution to proceed without the recommendation by the City Manager, the ordinance calling the election may be adopted only by a vote of at least two-thirds of the members of the Council and at a meeting subsequent to that at which the resolution was adopted.

The ordinance calling the election shall:

- (a) state the purposes for which the bonds are to be issued;
- (b) state the principal amount of the bonds;
- (c) state the maximum rate of interest on the bonds, which shall not exceed six per cent per annum, payable semiannually;
- (d) call the election and fix the election date;
- (e) fix the manner of holding the election;
- (f) fix the manner of voting for or against the issuance of the bonds.

In all particulars not stated in said ordinance the election shall be held and the votes canvassed in the manner provided by law for general municipal elections in the City.

Any special election called for the purpose of voting upon a proposition of issuing bonds under this section may be consolidated with any municipal primary election or any general City election or any other election at which all of the qualified voters residing within the City are entitled to vote. Such consolidation may be made in any manner authorized under the Elections Code of the State of California or under the Elections Code of the City.

The ordinance shall be published once a week for two succeeding weeks in the official newspaper of the City, the first publication to be at least 21 days prior to the election. No other notice of such election need be given. If a majority of the voters voting on the proposition of issuing the bonds vote in favor of the issuance thereof bonds in an amount not exceeding the amount stated in the ordinance calling the election may be issued.

No error, irregularity or omission in the election or in any of the proceedings prior thereto which does not affect the substantial rights of the electors of the City or the voters voting at the election at which any revenue bonds are authorized under this section shall invalidate the election.

Subdivision 5.

- (a) The Council may issue all bonds authorized at an election or all bonds authorized under paragraph (a) of subdivision 4 of this section in one issue or may divide the principal amount thereof into two or more series and fix different dates of issuance and maturities for the bonds of each series. The Council shall provide for any issue or series of bonds (if issued in series) by ordinance. The Council shall in said ordinance fix the date of issuance and the dates of maturity of each issue or series of bonds; provided, however, that no bond shall run more than 40 years from its date. Any ordinance providing for the issuance of bonds hereunder shall recite the objects and purposes for which the bonds are to be issued, the principal amount of the bonds to be issued pursuant to such ordinance, and the maximum rate of interest to be payable thereon, not to exceed six per cent per annum, payable semiannually.
- (b) Said bonds shall be issued in negotiable form and shall be negotiable. The recitals of regularity of proceedings in any revenue bond issued and sold under this section shall be conclusive evidence of compliance with the provisions of this Charter and of the validity of such bond and no bona

fide purchaser of such bond containing the recital permitted by this section shall be required to see to the existence of any fact or to the performance of any condition or to the taking of any proceedings required prior to the actual issuance and delivery of said bonds or to the application of the purchase price paid for said bonds.

Subdivision 6. In any ordinance providing for the issuance of revenue bonds under this section the Council may fix the terms and conditions thereof (including covenants) and may in any article, section, sentence or clause thereof make such provision (including covenant) as it may deem necessary or desirable to facilitate the issuance and sale of the bonds or for the protection or security of the holders thereof, including, without affecting the generality of the foregoing, any or all of the following:

- (a) The denomination or denominations of the bonds, the medium of payment thereof, the place or places of payment thereof, which may be within or without the State of California, the form of said bonds (including recitals of regularity) and of interest coupons pertaining thereto, the form, denomination and conditions of any temporary bonds or interim certificates (which temporary bonds or interim certificates may be issued without interest coupons), and the manual (one signature must be manual) and facsimile signatures to be affixed to said bonds (definitive or temporary) or interim certificates, and the facsimile signature to be affixed to interest coupons;
- (b) Provisions for the call and redemption prior to maturity of any part of or all of said bonds and the premiums to be paid upon such call and redemption;
- (c) Said bonds shall be designated "Waterworks Revenue Bonds" and each bond shall state on its face that it does not constitute an indebtedness of The City of San Diego but is an obligation payable, principal and interest, and premiums, if any, upon the redemption thereof, only from a special fund which shall consist of such revenues of the Water Department as are in excess of the amount needed to operate and maintain the Water Department; provided, however, that the foregoing statement shall not preclude the payment or the redemption of said bonds from the proceeds of refunding bonds or the payment thereof from premium and accrued interest obtained upon the sale of the bonds. Such special fund is presently designated and is sometimes hereinafter in this section called the Water Department Revenue Bond Fund;
- (d) Covenants relating to rates for the use of water or for services from the waterworks system. Such rates and charges for the use of water or service

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from the waterworks system shall provide revenues at least sufficient to pay, as the same shall become due, principal of and interest on all outstanding revenue bonds payable out of the revenues of the Water Department, including premiums, if any, due upon the redemption of any thereof (and including all payments required to be made into reserve and sinking funds, if any, for said revenue bonds or any thereof), and all other obligations and indebtedness payable out of said revenues, in addition to paying, as the same shall become due, the necessary expenses of operating and maintaining the Water Department;

- (e) Covenants relating to the extent to which such services may be furnished or rendered to the City or to any government, department of government, public corporation or body free or at lower rates than otherwise charged;
- (f) The collection, deposit and safekeeping of the revenues, and the permissible uses thereof;
- (g) The construction fund into which the principal sums from the sale of the bonds shall be placed, the special fund or funds to be established and maintained for the payment of principal and interest of the bonds, including reserve, sinking, bond service, redemption, and trust funds, and any revenue bond payable from the Water Department Revenue Bond Fund may be paid from any such special fund established therefor; the permissible investments of moneys in said funds, or any thereof, the accounts and records to be kept, audits thereof and examination of such audits by bondholders and others;
- (h) Carrying of insurance upon the waterworks or any part of the waterworks system or property against any or all risks, and in case of loss the application of the insurance proceeds;
- (i) Prohibition against or limitations upon the sale, lease or other disposition or transfer of the waterworks of the City or any substantial part thereof, and the use of any funds derived from any sale, lease or other disposition or transfer permitted under the terms of such ordinance;
- (j) Limitations upon the issuance of any additional bonds payable out of the revenues of the Water Department, but no bonds shall be issued pursuant to this section or under any other provision of the Charter or any other law having any priority in payment of principal or interest out of the revenues of the Water Department over any revenue bonds theretofore or thereafter issued and payable out of such revenues;

- (k) Provisions whereby the consent or agreement of a stated percentage or number of the holders of the bonds may bind all holders to modifications of such provisions of the ordinance, resolution or order authorizing or providing for the issuance of such bonds or the sale thereof as may be stated in such ordinance or to a refunding of said bonds and to calls or exchanges in connection with such refunding;
- (l) For the issuance of a duplicate in the manner and upon such terms and conditions as the Council may determine, in the event any bond, temporary bond, coupon or interim certificate of any such issue is lost, destroyed or mutilated;
- (m) Any other provision (including covenant) valid under the Constitutions of the State of California and the United States of America.

Subdivision 7. Any ordinance providing for the issuance of any revenue bonds under this section and all other ordinances, resolutions or orders in the proceeding for the issuance of said bonds shall constitute a contract with the holders of the bonds and may be enforced by any holder by mandamus, injunction or any other applicable legal action, suit, proceeding or other remedy.

Subdivision 8. Bonds issued under this section shall be sold only at public sale following such notice as the Council, by order or resolution, may prescribe; provided, however, that if no bid is received or if the bid or bids received are not satisfactory the Council may reject all bids received, if any, and may thereafter sell such bonds at public or private sale; provided, further, that the provisions of this subdivision shall not apply to the exchange of any refunding bonds for outstanding bonds. Any revenue bonds issued hereunder may be sold at a fixed rate of interest or the bidders may be invited to state the rate or rates of interest at which they will purchase said bonds, but no rate of interest on any of the bonds shall exceed six per cent per annum, payable semiannually. If the bidders are invited to state the interest rate or rates, then upon the acceptance of a bid the Council shall by resolution or order, which shall not be subject to referendum, fix such interest rate or rates as have been bid by the successful bidder as the rate or rates of interest on bonds sold. Said bonds shall be sold for not less than par and accrued interest to date of delivery.

Subdivision 9. The proceeds from the sale of bonds issued hereunder (except premium and accrued interest which shall be paid into the bond service or other fund designated or established for the payment of principal and interest of the bonds) shall be paid into the construction fund designated by the ordinance providing for the issuance of said bonds and shall be applied exclusively to the objects and purposes set forth in such ordinance; provided, however, (1) that the Water Department Revenue Bond Fund from which the bonds are payable may be reimbursed from such proceeds for expenditures for purposes

for which the bonds were issued made from such fund after the issuance of the bonds has been authorized at the election thereon, (2) that said proceeds may be used for the payment of interest on said bonds during the period of acquisition and construction and for the first six months thereafter; and (3) that when the objects and purposes for which the bonds are issued have been accomplished any remaining unexpended funds derived from the sale of the bonds shall be used for the payment of principal and interest of said revenue bonds or for the redemption of any callable bonds thereof.

Subdivision 10. Refunding revenue bonds may be issued for the payment or redemption of any revenue bonds issued pursuant to this section and such refunding bonds may be issued in principal amount sufficient to refund the outstanding bonds proposed to be refunded thereby, including payment of accrued interest and of any premiums thereon and all expenses of such refunding. Refunding revenue bonds shall be authorized, issued and sold substantially in the manner provided for the issuance and sale of other revenue bonds hereunder or may be exchanged for the outstanding bonds to be refunded upon such terms and conditions as may be stated in the ordinance authorizing such refunding bonds, except that no election shall be necessary to authorize the issuance of refunding bonds hereunder.

Subdivision 11. To the extent that any provision of any ordinance authorizing the issuance of revenue bonds pursuant to this section or any provision of any ordinance, resolution or order pertaining to such revenue bonds adopted pursuant to the authority of this section is inconsistent with any of the provisions of any other section of this charter the provisions of such ordinance, resolution or order shall control so long as any of the bonds or coupons to which the same pertain are outstanding and unpaid. No bond shall be deemed to be outstanding and unpaid within the meaning of this section if moneys for the purpose of paying the same or redeeming the same prior to maturity and sufficient therefor have been irrevocably set aside in a bond service fund, sinking fund, redemption fund, or other trust fund created to insure the payment or redemption thereof.

The Council is authorized to take any and all steps and proceedings necessary or convenient for the authorization, issuance and sale of revenue bonds under this section and for the payment or redemption thereof.

*(Addition voted 11-02-1954; effective 01-10-1955.)*

*(Amendment voted 06-03-1958; effective 02-19-1959.)*

[Prior Language](#)

## **Section 90.2: Sewer**

Unless the context otherwise requires, the definitions contained in this section shall govern the construction thereof.

“This section” as used in this section means this Section 90.2.

“City” means The City of San Diego.

“Council” means the Council of The City of San Diego.

“Bond” or “bonds” means sewer revenue bonds issued hereunder payable from the Sewer Revenue Fund.

“Sewer” or “sewers” as used in this section means sanitary sewers of the City.

“Sewer system” as used in this section means all sanitary sewers, sewer works, sewage treatment and disposal works and facilities of the city for the collection, transmission, treatment or disposal of sewage and comprises the entire system of sewers and sewer works and facilities of the city and includes all parts thereof, whether physically connected to other parts of the system or otherwise, and shall include all additions thereto, whether physically connected to other parts of the system or otherwise, and all extensions and improvements of the sewer system or any part thereof. Nothing herein shall preclude the construction of facilities for the reclamation of water from sewage in the sewer system and the city may at any time determine whether such facilities or any portion thereof shall be constructed and operated as a part of the sewer system or as a part of the water system, or otherwise.

“Sewer service charges” as used in this section means charges, fees, tolls, rates and rentals established or imposed by the city for service by or for the use of the sewer system or any part thereof.

“Revenues” as used in this section means all sewer service charges received, and any sums received by the city from other cities, districts or public corporations (including the United States of America and the state of California) under contracts providing for the transmission, treatment or disposal of sewage from such other cities, districts or public corporations through or by means of the sewer system or any part thereof, and all other income and revenue derived by the city from the operation of the “sewer system” or any part thereof. “Revenues” shall not be construed to include taxes or assessments levied by the city.

“Sewer Revenue Fund” as used in this section means the Sewer Revenue Fund heretofore established into which revenues from the sewer system have been paid, and said fund has been, is and shall be derived from “revenues.”

Subsection 1. Revenue bonds to provide money for the acquisition and construction of sewer mains, interceptor sewers, pumping plants, trunk sewers, outfall sewers, sewer works, sewage treatment plants, works and facilities, and sewage disposal works or facilities which will be additions to, extensions and improvements of the sewer system,

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and for the reconstruction or replacement of parts of the sewer system, including all necessary equipment, appurtenances and appurtenant work and the acquisition of all lands, easements and property necessary therefor and for facilities for the reclamation of water from sewage in the sewer system (if such reclamation facilities are to be constructed and operated as a part of the sewer system) may be issued as provided in this section. Any issue of revenue bonds may be for any or all of said purposes. To any extent necessary or convenient, any of the sewers, plants, works or facilities or any part thereof may be located outside the city.

Subdivision A. Revenue bonds issued under this section shall not constitute an indebtedness of the city but shall constitute obligations which shall be payable, principal and interest, and any premiums upon the redemption thereof prior to maturity, only from the Sewer Revenue Fund; provided, however, that this shall not preclude the payment or redemption thereof from the proceeds of refunding bonds issued to refund said revenue bonds, or the use of accrued interest and premiums paid upon the sale and delivery of the revenue bonds for the payment of principal thereof or interest thereon, or the payment out of the proceeds of any bonds of the whole or a part of the interest accruing on said bonds during the period of acquisition and construction of the work to be paid for out of such proceeds and for the first six months thereafter.

Subdivision B. Refunding revenue bonds for the purpose of refunding any revenue bonds issued under this section may be issued as provided in this section and shall be payable from the Sewer Revenue Fund. No restriction or limitations upon or procedure for the issuance of bonds in other sections of this charter shall apply to revenue bonds issued under this section (including refunding revenue bonds) and this section shall constitute complete authority for the issuance of such revenue bonds (including such refunding revenue bonds) and any action or proceeding not required by this section shall not be necessary for the valid authorization and issuance of such revenue bonds. No revenue bond issued under this section or any interest payable thereon shall be or become an obligation chargeable or enforceable against any of the tax revenues of the city or any other revenues of said city except such revenues as are required under the provisions of this section to be paid into the Sewer Revenue Fund.

Subdivision C. The limitations upon bonded indebtedness of The City of San Diego contained in Sections 76 and 90 of this charter or in any other section or provision thereof shall not apply to revenue bonds issued under this section or under any provisions of this charter or under any general law of the State of California where such revenue bonds are payable exclusively from a special fund derived from revenues obtained from any public utility or improvement of the city and are not payable from taxes levied by the city and such revenue bonds shall not be deemed indebtedness of the city within the meaning of the debt limitation

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provisions contained in Sections 76 and 90 of this charter or in any other section thereof.

Subsection 2. To provide money for the purpose of the acquisition and construction of sewer mains, interceptor sewers, pumping plants, trunk sewers, outfall sewer, sewer works, sewage treatment plant, works and facilities, sewage disposal works and facilities and submarine ocean outfall sewer, which will be additions to, extensions and improvements of the sewer system, including for the foregoing all necessary equipment, appurtenances and appurtenant work and including the acquisition of all lands, easements and property necessary therefor, and including reconstruction or replacement of parts of sewers and reconstruction of sewer facilities necessary for any of the foregoing, the Council is hereby authorized to issue, in one issue or in separate issues or series from time to time, under this section, revenue bonds in total principal amount not to exceed \$42,500,000. The maximum rate of interest on said bonds shall not exceed six per cent per annum, payable semiannually. Revenue bonds, if any, issued under this section in excess of said sum of \$42,500,000 shall be authorized by proceedings taken in the manner hereinafter provided under Subsection 3.

Subsection 3. Except as provided in Subsection 2 above and except refunding sewer revenue bonds, revenue bonds payable from the Sewer Revenue Fund shall be authorized in the manner provided in this Subsection 3.

The first step in the proceedings shall be a recommendation by the City Manager that bonds be issued hereunder, which recommendation shall state generally the purposes of the revenue bond issue and the principal amount thereof. Such recommendation need not be in any particular form. After the recommendation by the City Manager has been received by the Council it may adopt an ordinance finding the need for the issuance of revenue bonds under this section for the purposes set forth in the recommendation of the City Manager. The Council, by said ordinance, shall submit to the qualified voters of the city at an election held for that purpose the question of issuing revenue bonds pursuant to this section to provide moneys for the purposes stated in the recommendation of the City Manager.

The Council, by a vote of two-thirds of the members thereof, may adopt a resolution stating that it determines to proceed under this section without a recommendation by the City Manager. Any such resolution also shall state generally the purposes of the proposed revenue bond issue and the principal amount thereof and in the event such resolution is adopted the recommendation of the City Manager shall not be required and the ordinance shall find the need for the issuance of revenue bonds under this section for the purposes stated in the resolution and the purposes stated in the proposition submitted to the qualified voters of the city shall be the purposes stated in such resolution. In the event the Council adopts a resolution to proceed without the recommendation by the City Manager, the ordinance calling the election may be adopted only by a vote of at least

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two-thirds of the members of the Council and at a meeting subsequent to that at which the resolution was adopted.

Subdivision A. The ordinance calling the election also shall:

- (1) state the purposes for which the bonds are proposed to be issued;
- (2) state the principal amount of the bonds;
- (3) state the maximum rate of interest on the bonds, which shall not exceed six per cent per annum, payable semiannually;
- (4) call the election and fix the election date;
- (5) fix the manner of holding the election;
- (6) fix the manner of voting for or against the issuance of the bonds.

In all particulars not stated in said ordinance the election shall be held and the votes canvassed in the manner provided by law for general municipal elections in the city.

Subdivision B. The proposition shall be submitted at a special election called for that purpose and any special election called for the purpose of voting upon a proposition to issue bonds under this section may be consolidated with any city or other election at which all of the qualified voters residing within the city are entitled to vote. Such consolidation may be made in the manner authorized under the Elections Code of the State of California or under the Elections Code of the city.

Subdivision C. The ordinance shall be published once a week for two succeeding weeks in the official newspaper of the city, the first publication to be at least 21 days prior to the election. No other notice of such election need be given. If a majority of the voters voting on the proposition of issuing the bonds vote in favor of the issuance thereof bonds in an amount not exceeding the amount stated in the ordinance calling the election may be issued.

No error, irregularity or omission in the election or in any of the proceedings prior thereto which does not affect the substantial rights of the people of the city or the electors voting at the election at which any revenue bonds are authorized under this section shall invalidate the election.

Subsection 4. The Council may issue all bonds authorized at an election in one issue or in two or more series and may fix different dates and maturities for the bonds of each

series. It may issue all bonds authorized by Subsection 2 hereof in one issue or in two or more issues or series and may fix different dates and maturities for the bonds of each issue or series. The bonds of any issue or series issued under this section may be serial bonds or term bonds or any combination thereof with such maturities as may be determined by the Council, but no bond shall run more than forty (40) years from its date.

Any ordinance providing for the issuance of bonds hereunder shall recite the objects and purposes for which the bonds are to be issued, fix the principal amount of the bonds to be issued pursuant to such ordinance, the maximum rate of interest to be payable thereon, not to exceed six per cent per annum, payable semiannually, the date of said bonds, and the maturities thereof.

Said bonds shall be issued in negotiable form and shall be negotiable. The recitals of regularity of proceedings in any revenue bond issued and sold under this section shall be conclusive evidence of compliance with the provisions of this section and of the validity of such bonds, and no bona fide purchaser of any such bond containing the recital permitted by this section shall be required to see to the existence of any fact or to the performance of any condition or to the taking of any proceeding required prior to the actual issuance and delivery of said bonds or to the application of the purchase price paid for said bonds.

Subdivision A. REVENUE BONDS - TERMS AND CONDITION: In any ordinance providing for the issuance of revenue bonds under this section, the Council may fix the terms and conditions thereof (including covenants) and may in any article, section, sentence or clause thereof make such provision (including covenant) as it may deem necessary or desirable to facilitate the issuance and sale of the bonds or for the protection or security of the holders thereof, including, without affecting the generality of the foregoing, any or all of the following:

- (1) The denomination or denominations of the bonds, the medium of payment thereof, the place or places of payment thereof, which may be within or without the State of California, the form of said bonds (including recital of regularity) and of interest coupons pertaining thereto, the form, denomination and conditions of any temporary bonds or interim certificates, and the manual (one signature must be manual) and facsimile signatures to be affixed to said bonds (definitive or temporary) or interim certificates, and the facsimile signature to be affixed to interest coupons;
- (2) The terms and conditions under which said bonds or any part thereof may be paid and redeemed before maturity (including the premiums, if any, payable upon bonds redeemed prior to maturity), exchanged, registered, transferred, or negotiated;

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- (3) Covenants or provisions relating to rates (called in this section Sewer Service Charges). Such sewer service charges shall be fixed by the Council of said city and, with reasonable allowances for contingencies, must be at least sufficient, together with other revenues, if any, payable into the Sewer Revenue Fund, to provide revenues sufficient to pay, as the same becomes due, principal and interest of all revenue bonds payable out of said Sewer Revenue Fund (including all payments required to be made into reserve and sinking funds, if any, for said revenue bonds) and all other obligations payable from the Sewer Revenue Fund, and the necessary expenses of maintaining and operating the “sewer system.” The ordinance may also state the extent, if any, to which such sewer service may be furnished or rendered to the city free or to the United States of America, the State of California, or to any city or other public corporation or body at lower rates than otherwise charged;
  - (4) The collection, deposit and safekeeping of the revenues and the permissible uses thereof; provided, however, that the cost of maintenance and operation of the sewer system (and only such cost) shall be payable from the Sewer Revenue Fund prior to the payment of principal and interest of the revenue bonds or the setting aside in the bond service, sinking, redemption, reserve, or other fund, monthly or otherwise, of funds therefor;
  - (5) The special fund or funds to be established and maintained for the payment of principal and interest of the bonds; including reserve, sinking, bond service, redemption, and trust funds, and any revenue bond payable from the Sewer Revenue Fund may be paid from any such special fund set up therefor; the permissible investments of moneys in said funds, or any thereof; the accounts and records to be kept, audits thereof and examination thereof by bondholders and others;
  - (6) Carrying of insurance upon any sewers, sewage treatment plant or plants or sewage disposal works against any or all risks, and in case of loss the application of the insurance proceeds;
  - (7) Prohibition against or limitations upon the sale, lease or other disposition or transfer of the sewer system or any substantial part thereof, and the use of any funds derived from any sale, lease or other disposition or transfer permitted under the terms of said ordinance;
  - (8) Limitations upon the issuance of any additional bonds payable from the Sewer Revenue Fund, but no bond shall be issued pursuant to this section or under any other provision of this charter or any other law having any

priority in payment of principal or interest out of such fund or out of any revenues payable into such fund over any revenue bonds theretofore issued and payable out of said fund;

- (9) Provisions whereby the consent or agreement of a stated percentage or number of the holders of the bonds may bind all holders to modifications of provisions of any ordinance, resolution or order authorizing or providing for the issuance of such bonds or the sale thereof, or to a refunding of said bonds and to calls or exchanges in connection with such refunding;
- (10) For the issuance of a duplicate in the manner and upon such terms and conditions as the Council may determine, in the event any bond, temporary bond, coupon or interim certificate of any such issue is lost, destroyed or mutilated;
- (11) Any other provision (including covenant) valid under the Constitution of the State of California and the United States of America.

Such ordinance shall be subject to referendum in the manner that other ordinances of the City are subject to referendum.

Any ordinance providing for the issuance of any revenue bonds under this section and all other ordinances, resolutions or orders in the proceeding for the issuance of said bonds shall constitute a contract with the holders of the bonds and may be enforced by any holder by mandamus, injunction or any applicable legal action, suit, proceeding or other remedy.

Subsection 5. LIMITATIONS. Revenue bonds issued under this section shall be issued substantially in compliance with the following limitations:

- (a) No bond shall run more than forty years from its date;
- (b) Said bonds shall be designated "Sewer Revenue Bonds" and each bond shall state on its face that it does not constitute an indebtedness of the City but is an obligation payable, principal and interest, and premiums, if any, upon the redemption thereof only from the Sewer Revenue Fund. Such statement shall not preclude the payment or redemption thereof from the funds or moneys specified in Subdivision A of Subsection 1;
- (c) Said bonds shall be sold only at public sale following such notice as the Council by resolution or order may prescribe; provided, however, that if no bid or no satisfactory bid is received pursuant to such notice the Council may reject all bids received, if any, and may thereafter sell such

bonds at public or private sale; provided, further, that the provisions of this subsection shall not apply to the exchange of any refunding bonds for outstanding bonds. Any such revenue bonds may be sold at a fixed rate of interest or the bidders may be invited to state the rate or rates of interest at which they will purchase said bonds, but no rate of interest on any of the bonds shall exceed the maximum rate stated in the ordinance calling the election to vote upon the issuance of said bonds or as to bonds authorized by Subsection 2 hereof the maximum rate stated in said Subsection 2. If the bidders are invited to state the interest rate or rates, then upon the acceptance of a bid the Council shall by resolution or order, which shall not be subject to referendum, fix such interest rate or rates as have been bid by the successful bidder as the rate or rates of interest on the bonds sold;

- (d) Said bonds shall be sold for not less than par and accrued interest to date of delivery. The proceeds from the sale (except premium and accrued interest which shall be paid into the bond service or other fund designated or established for the payment of principal and interest of the bonds) shall be paid into the construction fund designated by the ordinance providing for issuance of such bonds and shall be applied exclusively to the objects and purposes set forth in such ordinance; provided, however, (1) that the Sewer Revenue Fund from which the bonds are payable may be reimbursed from such proceeds for expenditures for purposes for which the bonds were issued made from such Sewer Revenue Fund after the issuance of the bonds has been authorized by the voters or as to bonds authorized by Subsection 2 hereof, after the date this amendment becomes effective; (2) that said proceeds may be used for the payment of interest on said bonds during the period of acquisition and construction and for the first six months thereafter; and (3) that when the objects and purposes for which the bonds are issued have been accomplished any remaining unexpended funds derived from the sale of said bonds shall be used for the payment of principal and interest of said revenue bonds or for the redemption of any callable bonds thereof.

Subsection 6. Refunding revenue bonds payable from the Sewer Revenue Fund may be issued for the payment or redemption of any revenue bonds, issued pursuant to this section and such refunding bonds may be issued in principal amount sufficient to refund the outstanding bonds proposed to be refunded thereby, including payment of interest to maturity on any noncallable bonds to be refunded and of accrued interest to date of redemption and of any premiums payable upon redemption of bonds which by their terms are subject to call and redemption prior to maturity, and all expenses of such refunding. Refunding revenue bonds may be authorized, issued and sold substantially in the manner provided for the issuance and sale of other revenue bonds hereunder or may be

exchanged for the outstanding bonds to be refunded upon such terms and conditions as may be stated in the ordinance authorizing such refunding bonds, except that no election shall be necessary to authorize the issuance of refunding bonds hereunder and the first step in the proceeding shall be the ordinance of issuance. The ordinance providing for the issuance of refunding bonds shall be subject to referendum in the same manner as other ordinances of the city.

Subsection 7. To the extent that any provision of any ordinance authorizing the issuance of revenue bonds pursuant to this section or any provision of any ordinance, resolution or order pertaining to such revenue bonds adopted pursuant to the authority of this section is inconsistent with any of the provisions of any other section of this charter the provisions of such ordinance, resolution or order shall control so long as any of the bonds or coupons to which the same pertain are outstanding and unpaid. No bond shall be deemed to be outstanding and unpaid within the meaning of this section if moneys for the purpose of paying the same or redeeming the same prior to maturity and sufficient therefor have been irrevocably set aside in a bond service fund, sinking fund, redemption fund, or other trust fund created to insure the payment or redemption thereof.

The Council is authorized to take any and all steps necessary or convenient for the authorization, issuance and sale of revenue bonds under this section and for the payment or redemption thereof.

Subsection 8.

Subdivision A. The Council may at any time establish and provide for the collection of sewer service charges and must establish and provide for the collection of such sewer service charges as are required by any ordinance providing for the issuance of revenue bonds under this section. Sewer service charges shall not be deemed taxes or assessments within the meaning of any section of this charter and shall not be enforceable by any lien upon real property. "Sewer service charges" may be collected with water rates, fees or charges (herein called "water rates") of The City of San Diego. The Council may provide and covenant that where the city furnishes water to the property receiving sewer service the sewer service charges shall be collected with and not separately from the water rates of said city and that all charges shall be billed upon the same bill and collected as one item and may also provide and covenant that in the event of nonpayment of any part of the bill for the sewer service charge and water rate, the water service shall be shut off within such time as may be or shall have been prescribed by the Council. Delinquent sewer service charges may be collected by suit in any court of competent jurisdiction. The Council may provide additional methods of collecting sewer service charges. The Council also may prescribe and establish penalties for the nonpayment of sewer service charges. The Council

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may take any and all steps to establish and provide for the collection of sewer service charges.

Subdivision B. All revenues shall be paid into the Sewer Revenue Fund and shall be used only for the following purposes: (1) paying the cost of maintenance and operation of the sewer system; (2) paying principal and interest (including payments into any reserve or sinking fund) and premiums, if any, upon redemption, of sewer revenue bonds issued under this section and payable from said Sewer Revenue Fund; (3) paying all or any part of the cost and expense of extending, reconstructing or improving the sewer system or any part thereof or making additions to such system; (4) transferring from any surplus in the Sewer Revenue Fund to the Capital Outlays Fund, at one time or from time to time, all or any part of the sums expended from said Capital Outlays Fund after July 1, 1960, for any purpose for which revenue bonds may be issued under this section; (5) paying from any surplus in the Sewer Revenue Fund principal or interest, or both, or any part thereof, of general obligation bonds heretofore or hereafter issued for any purpose for which revenue bonds may be issued under this section.

Any ordinance providing for the issuance of revenue bonds hereunder may contain covenants defining, limiting or restricting the use of moneys in said Sewer Revenue Fund and said covenants shall control so long as any bonds issued under said ordinance are outstanding and unpaid within the meaning of this section.

Subdivision C. Interest (including interest on investments) on the Sewer Revenue Fund or on any fund created by or under the authority of this section shall be credited to the particular fund.

#### Subsection 9.

Subdivision A. The City may issue general obligation bonds for sewer purposes. General obligation bonds of the city may also be issued to refund any revenue bonds, principal, interest and premium, if any, issued under this section, if authorized by a two-thirds vote of the qualified electors of the city voting upon the question of the issuance thereof at an election called and held for that purpose. Such election may be called by ordinance in the same manner as any other special election is called under the charter of the city.

The city may expend funds derived from taxes for the acquisition and construction of sewers, and to the extent that may legally be done under this section may expend funds derived from taxes for the maintenance and operation of sewers, but no funds derived from taxes shall be considered revenues as in this section defined and no such funds derived from taxes shall be paid into the Sewer Revenue Fund and no revenue bond issued under this section or any interest

thereon shall be or become an obligation chargeable or enforceable against any of the tax revenues of the city.

Subdivision B. The city may levy special assessments for the acquisition and construction of sewers or sewer works and such assessments shall not be construed as “revenues” as defined in this section and shall not be paid into the Sewer Revenue Fund.

Nothing in this section shall be construed to restrict the power of the city to consent to the formation or organization of special districts for the purpose of collection, transmission, treatment or disposal of sewage within portions of the city which are not at that time served by the city sewer system and which in the opinion of the Council cannot conveniently be served by or through the city sewer system. Before any such district is formed or organized which includes territory of the city therein the consent of the city to the inclusion therein of such territory shall be manifested by ordinance of the Council. The Council shall have authority to provide reasonable terms and conditions under which the portion of the city may be included in said district and upon which the district may operate its facilities within The City of San Diego.

Nothing in this section shall be construed as implying any doubt of the power of the city to establish and collect service charges for service by or for the use of sewers under its general charter powers.

Subsection 10. This section and every part thereof shall be liberally construed to promote the objects thereof and to carry out its intents and purposes.

If the application of any subsection, subdivision, paragraph, sentence, clause or word of this section to any person or circumstance is held invalid the application of such subsection, subdivision, paragraph, sentence, clause or word to any other person or in any other circumstance shall not be affected thereby. If any part of this section is held invalid the remainder of the section shall remain in full force and effect.

*(Addition voted 06-05-1956; effective 01-10-1957.)*

*(Amendment voted 11-8-1960; effective 1-9-1961.)*

[Prior Language](#)

### **Section 90.3: Voter Approval for Major Public Projects Conferring Significant Private Benefit**

- (a) The City may not enter into the agreements necessary for financing, development, and construction of a major public project that confers a significant private benefit, unless that project is submitted to a vote at a municipal election and a majority of those voting in that election approve the project.

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- (b) For purposes of this section 90.3:
- (1) the term “major public project” means any capital improvement for which the expenditure of City funds is proposed, other than capital improvements for water, sewer or other public infrastructure, and for which the City’s total cost is in excess of an amount equal to ten percent (10%) of the City’s General Fund budget for the fiscal year in which the project is proposed to be approved by the electorate;
  - (2) the term “cost” means the amount paid to directly develop or construct the project, and does not include costs related to financing or interest;
  - (3) the term “significant private benefit” means that one or more identifiable private individuals or entities will have the exclusive use of any portion of the proposed capital improvement, pursuant to any type of agreement, for more than ten percent (10%) of the days during any calendar year that the proposed capital improvement is available for use, for the purpose of generating federal or state taxable income for such private individual or entity;
  - (4) the term “City funds” means funds authorized to be spent pursuant to an appropriation in the City’s annual budget and derived through any type of financing mechanism, including cash, loans, revenue bonds, lease revenue bonds or certificates of participation, but not including funds generated by a financing mechanism in which the City acts solely as a conduit, and where all costs and financial risks associated with the financing, development and construction are the responsibility of individuals or entities other than the City; and
  - (5) the term “identifiable private individuals or entities” means those individuals or entities which can be clearly identified, prior to the development of a project, as the party or parties who will ultimately use, rent, lease, or operate the facility for their own benefit. Not included within this definition are private individuals, business interests, groups, trades, associations or any other private entity that may derive private benefit indirectly as a result of the major public project.
- (c) Nothing in this section supersedes or nullifies the application of the voter approval requirements of section 90 of this Charter, governing any major public project financed by the City’s issuance of general obligation bonds.
- (d) Any major public project that has been submitted to a vote at a municipal election and has been approved by a majority of those voting in that election on or before

the effective date of this section shall be deemed to have complied with and fulfilled the requirements of this section.

*(Addition voted 11-03-1998; effective 12-04-1998.)*

### **Section 91: General Reserve Fund**

The Council shall create and maintain a permanent revolving fund, to be known as the General Reserve Fund, for the purpose of keeping the payment of the running expenses of the City on a cash basis. Said fund shall be maintained in an amount sufficient to meet all legal demands against the treasury for the first four months or other necessary period of each fiscal year prior to the collection of taxes. This fund may be expended only in the event of a public emergency when it shall be determined by the affirmative vote of at least two-thirds of the members elected to the Council that such expenditures are necessary in order to insure the safety and lives and property of the City or its inhabitants.

*(Amendment voted 11-06-1962; effective 01-21-1963.)*

[Prior Language](#)

### **Section 92: Borrowing Money on Short Term Notes**

Bonds or notes may be issued in anticipation of the collection of special assessments, and bonds, notes, or registered warrants on the treasury may be issued in anticipation of the collection of taxes and revenues, as authorized by the City Council by resolution and shall not be deemed the creation of debt within the meaning of Section 90 of this Article. Bonds, notes or registered warrants on the treasury issued in anticipation of the collection of the taxes of any fiscal year may be issued during each fiscal year and each such bond, note, or warrant shall specify that it is payable out of the taxes and revenues of the fiscal year in which issued, and shall not bear a higher rate of interest than the maximum rate established by Council Resolution within the legal limit, and the total amount of such bonds, notes or warrants, authorized and issued in any fiscal year shall not, in the aggregate, be more than twenty-five (25) percent of the total appropriations of the City for such year. Nothing herein contained shall be construed to authorize the incurring of an obligation against the municipality in excess of that authorized to be incurred by the Constitution of the State of California.

*(Editor's note: Supplement No. 655)*

*(Amendment voted 11-06-1962; effective 01-21-1963.)*

*(Amendment voted 09-21-1965; effective 02-10-1966.)*

*(Amendment voted 06-03-1980; effective 07-16-1980.)*

*(Amendment voted 11-06-1990; effective 02-19-1991.)*

[Prior Language](#)

### **Section 93: Loans and Advances**

The City Council may from time to time authorize the advance of moneys in the treasury as a temporary loan to any tax-supported fund, which loan shall be repaid from the first property taxes received thereafter; provided, however, that such temporary loans shall not exceed the current property taxes receivable. It shall be lawful from time to time to advance money in the General Fund to any bond fund or to use any money in the General Fund for any purpose for which a loan shall have been authorized and bonds actually voted but not yet issued and sold, and the City officials need not sell said bonds until it is necessary to repay the General Fund advances or to replenish such loan fund or funds. The credit of the City shall not be given or loaned to or in aid of any individual, association or corporation; except that suitable provision may be made for the aid and support of the poor.

*(Amendment voted 11-06-1962; effective 01-21-1963.)*

[Prior Language](#)

#### **Section 94: Contracts**

In the construction, reconstruction or repair of public buildings, streets, utilities and other public works, when the expenditure therefor shall exceed the sum established by ordinance of the City Council, the same shall be done by written contract, except as otherwise provided in this Charter, and the Council, on the recommendation of the Manager or the head of the Department in charge if not under the Manager's jurisdiction, shall let the same to the lowest responsible and reliable bidder, not less than ten days after advertising for one day in the official newspaper of the City for sealed proposals for the work contemplated. If the cost of said public contract work is of a lesser amount than the figure established by ordinance of the City Council, the Manager may let said contract without advertising for bids, but not until the Purchasing Agent of the City shall have secured competitive prices from contractors interested, which shall be taken under consideration before said contract is let. The Council may, however, establish by ordinance an amount below which the Manager may order the performance of any construction, reconstruction or repair work by appropriate City forces without approval by Council. When such Council approval is required, the Manager's recommendation shall indicate justification for the use of City forces and shall indicate whether the work can be done by City forces more economically than if let by contract.

In case of a great public calamity, such as extraordinary fire, flood, storm, epidemic or other disaster the Council may, by resolution passed by a vote of two-thirds of the members elected to the Council, determine and declare that the public interest or necessity demands the immediate expenditure of public money to safeguard life, health or property, and thereupon they may proceed, without advertising for bids or receiving the same, to expend, or enter into a contract involving the expenditure of any sum required in such emergency, on hand in the City treasury and available for such purpose. All contracts before execution shall be approved as to form and legality by the City Attorney.

Each bidder shall furnish with his bid such security or deposit insuring the execution of the contract by him as shall be specified by the Council or as provided by general law.

For contracts exceeding \$100,000.00, the Council shall require each contractor to insure the faithful performance of his contract by delivering to the City a surety bond in an amount specified by the Council, executed by a surety company authorized to do business in the State of California; provided, however, that in all contracts the Council shall require the retention of sufficient payments, under the contract to insure the protection of the City against labor or material liens.

The Council, on the recommendation of the Manager, or the Head of the Department not under the jurisdiction of the Manager, may reject any and all bids and readvertise for bids. The Council may provide that no contract shall be awarded to any person, firm or corporation if prison or alien labor is to be employed in performing such contract, or if the wage schedule for employees engaged in performing such contract is based on more than eight hours of labor per day. Any contract may be let for a gross price or on a unit basis and may provide for liquidated damages to the City for every day the contract is uncompleted beyond a specified date. It shall be competent in awarding any contract to compare bids on the basis of time completion, provided that when any award has been made in consideration, in whole or in part, of the relative time estimates of bidders for the completion of the work, the performance in accordance with such time limits shall be secured by a surety bond as hereinabove provided with adequate sureties and penalties, and provided further, that for any contract awarded solely or partially on a specified time for completion the Council shall not extend such time limits unless such extension be recommended by the Manager and the Head of the Department concerned.

No officer, whether elected or appointed, of The City of San Diego shall be or become directly or indirectly interested in, or in the performance of, any contract with or for The City of San Diego, or in the purchase or lease of any property, real or personal, belonging to or taken by said City or which shall be sold for taxes or assessments or by virtue of legal process or suit of said City. Any person willfully violating this section of the Charter shall be guilty of a misdemeanor and shall immediately forfeit his office and be thereafter forever barred and disqualified from holding any elective or appointive office in the service of the City. No officer, whether elected or appointed, shall be construed to have an interest within the meaning of this section unless the contract, purchase, lease, or sale shall be with or for the benefit of the office, board, department, bureau or division with which said officer is directly connected in the performance of his duties and in which he or the office, board, department, bureau or division he represents exercises legislative, administrative or quasi-judicial authority in the letting of or performance under said contract, purchase, lease or sale.

All contracts entered into in violation of this Section shall be void and shall not be enforceable against said City; provided, however, that officers of this municipality may

own stock in public utility service corporations and the City permitted to contract for public utility service when the rates for such service are fixed by law or by virtue of the Public Utilities Commission of the State of California; and provided further, that no officer shall be prohibited from purchasing the services of any utility whether publicly or privately owned, whether or not the rates are fixed by law or by the Public Utilities Commission of the State of California; and provided further, that in designating any bank as a depository for the funds of said City, any officer interested as a stockholder or otherwise in such bank shall not be deemed to have an interest in such City contract within the meaning of this section, and in each of the cases enumerated herein such contracts shall be valid and enforceable obligations against the municipality.

*(Amendment voted 03-13-1945; effective 04-09-1945.)*

*(Amendment voted 03-11-1947; effective 03-24-1947.)*

*(Amendment voted 03-10-1953; effective 04-20-1953.)*

*(Amendment voted 09-17-1963; effective 02-11-1964.)*

*(Amendment voted 11-04-1975; effective 12-01-1975.)*

*(Amendment voted 11-02-1976; effective 01-12-1977.)*

*(Amendment voted 09-20-1977; effective 11-18-1977.)*

*(Amendment voted 11-03-1998; effective 12-04-1998.)*

[Prior Language](#)

#### **Section 94.1: Job Order Contracts**

Notwithstanding any provisions of this Charter to the contrary, the City is not prohibited from awarding public works contracts on a unit cost basis for all necessary labor, materials, and equipment provided such contracts are secured on a competitive basis as otherwise required by this Charter. The City Council shall establish by ordinance guidelines for the award and use of such unit cost contracts, and may set an amount below which the City Manager may award such contracts.

*(Addition voted 11-03-1998; effective 12-04-1998.)*

#### **Section 94.2: Design-build Contracts**

Notwithstanding any provisions of this Charter to the contrary, the City is not prohibited from awarding contracts for the combined design and construction of public works pursuant to a process of competitive negotiation, provided the process of competitive negotiation is conducted as may otherwise be required by this Charter or the Municipal Code. The City Council shall establish by ordinance guidelines for the award, use, and evaluation of such design-build contracts, and may set an amount below which the City Manager may award such contracts.

*(Addition voted 11-03-1998; effective 12-04-1998.)*

#### **Section 94.3: Bond Reimbursement Program**

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Nothing in this charter shall prohibit the City Council from creating a program by ordinance to reimburse contractors for all or a portion of the premium paid by a contractor for a surety bond required under Section 94 of this Charter. If it creates a bond reimbursement program, the Council shall by ordinance establish eligibility criteria for contractors, levels and thresholds of reimbursement, the process for seeking reimbursement, and other requirements for operation of, and participation in, the program.

*(Addition voted 11-03-1998; effective 12-04-1998)*

#### **Section 94.4: Construction Manager At Risk Contracts**

Notwithstanding any provisions of this Charter to the contrary, the City is not prohibited from awarding contracts for the construction of public works using a combination of: (1) design review and management services; and (2) construction management services procured from a single person or entity for a guaranteed maximum price pursuant to a process of competitive negotiation, provided the process of competitive negotiation is conducted as may otherwise be required by this Charter or the Municipal Code. The City Council shall establish by ordinance guidelines for the award, use, and evaluation of such construction manager at risk contracts, and may set an amount below which the City Manager may award such contracts.

*(Addition voted 3-2-2004; effective 07-15-2004)*

#### **Section 95: Preference in Accepting Bids**

*(Amendment voted 04-22-1941; effective 05-08-1941.)*

*(Repeal voted 09-21-1965; effective 02-10-1966.)*

[Prior Language](#)

#### **Section 96: Progressive Payments**

*(Amendment voted 03-23-1937; effective 04-14-1937.)*

*(Repeal voted 09-17-1963; effective 02-11-1964.)*

[Prior Language](#)

#### **Section 97: Collusion in Bidding**

If at any time it shall be found that any party or parties to whom a contract has been awarded has, in presenting any bid or bids, been guilty of collusion with any party or parties in the submission of any bid or for the purpose of preventing any other bid being made, then the contracts so awarded may be declared null and void by the Council and the Council shall thereupon re-advertise for new bids for said work or the incomplete portion thereof. The Council shall debar from future bidding all persons or firms found to be in violation of this Section, or any future firm in which such person is financially interested.

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**Section 98: Alteration in Contracts**

Whenever it becomes necessary in the opinion of the City Manager to make alterations in any contract entered into by the City, such alterations shall be made only when authorized by the Council upon written recommendation of the Manager, whenever the cost of such alterations increases the amount of the contract by more than the amount authorized by ordinance passed by the Council. No such alterations, the cost which exceeds the amount authorized by ordinance, shall be valid unless the new price to be paid for any supplies, materials, or work under the altered contract shall have been agreed upon in writing and signed by the contractor and the Manager prior to such authorization by the Council. All other alterations shall be made by agreement in writing between the contractor and the Manager.

*(Amendment voted 06-07-1966; effective 06-29-1966.)*

*(Amendment voted 11-04-1975; effective 12-01-1975.)*

[Prior Language](#)

**Section 99: Continuing Contracts**

The City shall not incur any indebtedness or liability in any manner or for any purpose exceeding in any year the income and revenue provided for such year unless the qualified electors of the City, voting at an election to be held for that purpose, have indicated their assent as then required by the Constitution of the State of California, nor unless before or at the time of incurring such indebtedness provision shall be made for the collection of an annual tax sufficient to pay the interest on such indebtedness as it falls due, and also provision to constitute a sinking fund for the payment of the principal thereof, on or before maturity, which shall not exceed forty years from the time of contracting the same; provided, however, anything to the contrary herein notwithstanding, when two or more propositions for incurring any indebtedness or liability are submitted at the same election, the votes cast for and against each proposition shall be counted separately, and when the qualified electors of the City, voting at an election for that purpose have indicated their assent as then required by the Constitution of the State of California, such proposition shall be deemed adopted. No contract, agreement or obligation extending for a period of more than five years may be authorized except by ordinance adopted by a two-thirds' majority vote of the members elected to the Council after holding a public hearing which has been duly noticed in the official City newspaper at least ten days in advance.

*(Amendment voted 04-22-1941; effective 05-08-1941.)*

*(Amendment voted 06-04-1968; effective 07-22-1968.)*

[Prior Language](#)

**Section 99.1: Sports Stadium**

For the purpose of acquiring, constructing and completing on a site in Mission Valley not to exceed 200 acres and lying westerly of Murphy Canyon Road, northerly of Highway

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80 and southerly of Friars Road, and maintaining and operating thereon a coliseum, stadium, sports arena, sports pavilion or other building, or combination thereof, and facilities and appurtenances necessary or convenient therefor, for holding sports events, athletic contests, contests of skill, exhibitions and spectacles and other public meetings, the City may, in addition to other legal methods, enter into contracts, leases or other agreements not to exceed fifty years with any other public agency or agencies, and the provisions of Sections 80 and 99 of this Charter shall not be applicable thereto. (*Addition voted 11-02-1965; effective 02-10-1966.*)

**Section 100: No Favoritism in Public Contracts**

No officer or employee of the City shall aid or assist a bidder in securing a contract to furnish labor, or material, or supplies at a higher price or rate than that proposed by any other bidder, or shall favor one bidder over another, by giving or withholding information, or shall willfully mislead any bidder in regard to the character of the material or supplies called for, or shall knowingly accept materials or supplies of a quality inferior to that called for by the contract, or shall knowingly certify to a greater amount of labor performed than has actually been performed, or to the receipt of a greater amount of material or supplies than has actually been received. Any officer or employee found guilty of violation of this Section shall forfeit his position immediately.

**Section 101: When Contracts and Agreements Are Invalid**

All contracts, agreements or other obligations entered into, all ordinances and resolutions passed, and orders adopted, contrary to the provisions of Sections 97 and 100 of this Article may be declared null and void by the Council and thereupon no contractor whatever shall have any claim or demand against the City thereunder, nor shall the Council or any officer of the City waive or qualify the limitations fixed by such section or fasten upon the municipality any liability whatever; provided that all persons who have heretofore furnished material for and/or performed labor on the job shall be protected by the contractor's surety bonds. Any willful violation of these Sections on contracts shall constitute malfeasance in office, and any officer or employee of the City found guilty thereof shall thereby forfeit his office or position. Any violation of these Sections, with the knowledge, expressed or implied of the person or corporation contracting with the City shall render the contract voidable by the Council.

**Section 102: Continuance of Contracts**

All contracts entered into by the City, or for its benefit, prior to the taking effect of the Charter, shall continue in full force and effect. All public work begun prior to the taking effect of the Charter shall be continued thereunder. Public improvements for which legislative steps shall have been taken under laws or Charter provisions existing at the

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time this Charter takes effect may be carried to completion in accordance with the provisions of such existing laws and Charter provisions.

### **Section 103: Franchises**

The Council shall have power to grant to any person, firm or corporation, franchises, and all renewals, extensions and amendments thereof, for the use of any public property under the jurisdiction of the City. Such grants shall be made by ordinance adopted by vote of two-thirds (2/3) of the members of the Council and only after recommendations thereon have been made by the Manager and an opportunity for free and open competition and for public hearings have been given. No ordinance granting a franchise or a renewal, extension or amendment of an existing franchise shall be effective until thirty days after its passage, during which time it shall be subject to the referendum provisions of this Charter. No franchises shall be transferable except with the approval of the Council expressed by ordinance. For purposes of this section, a Council approved transfer shall be required when there is any change in the legal structure of the entity which holds the franchise, which change alters the ownership or control of the entity. Such changes include, but are not necessarily limited to, sale, lease, assignment, corporate merger, stock swap, leveraged buy-out reorganization, or any other method heretofore or hereafter devised which results in a change of ownership or control of the entity. Absent Council approval, the franchise shall not be deemed to have been transferred to the new entity. This amendment is intended to be declaratory in nature as an explanation of the existing transfer of franchise provisions as set forth above and in the various City franchises presently in existence.

*(Amendment voted 04-22-1941; effective 05-08-1941.)*

*(Amendment voted 11-04-1969; effective 01-29-1970.)*

*(Amendment voted 11-03-1992; effective 12-18-1992.)*

[Prior Language](#)

#### **Section 103.1: Regulation of Public Utilities**

No person, firm or corporation shall establish and operate works for supplying the inhabitants of The City of San Diego with light, water, power, heat, transportation, telephone service, or other means of communication, or establish and carry on any business within said City which is designed to or does furnish services of a public utility nature to the inhabitants of said City, without the consent of said City manifested by ordinance of the Council. The Council shall have power to provide reasonable terms and conditions under which such businesses may be carried on and conducted within The City of San Diego.

*(Addition voted 03-10-1953; effective 04-20-1953.)*

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**Section 103.1a: Environmental Growth Fund**

There is hereby created a fund in the City Treasury, to be known as the Environmental Growth Fund. Into this fund each year there shall be placed 25 percent of all moneys derived from the revenues accruing to the City from any franchises for the transmission and distribution of gas, electricity and steam within the City of San Diego.

The Environmental Growth Fund shall be used exclusively for the purpose of preserving and enhancing the environment of the City of San Diego in whatever manner is deemed appropriate by the City Council of The City of San Diego; provided, however, that two-thirds of the moneys paid into the Environmental Growth Fund shall be used exclusively as debt service for bonds of any nature issued for the acquisition, improvement and maintenance of open space to be used for park or recreational purposes. In connection with the issuance of any general obligation bonds for the acquisition, improvement and maintenance of open space to be used for park or recreational purposes, the Council may pledge up to two-thirds of the Environmental Growth Fund to the payment or security of such general obligation bonds and the interest thereon and may so state in any ordinance calling an election authorizing the issuance of said general obligation bonds. If there are no such bonds outstanding or if two-thirds of the moneys paid into the Environmental Growth Fund exceed the amount necessary to service any outstanding bonds issued for the above purposes in any fiscal year, then in those events, and those events only, the moneys set aside for debt service of said bonds or that portion of said moneys which is not needed for debt service of said bonds, shall be used, if at all, exclusively for the purpose of preserving and enhancing the environment of the City of San Diego in whatever manner is deemed appropriate by the City Council of The City of San Diego.

*(Addition voted 06-06-1972; effective 08-03-1972.)*

**Section 104: Term and Plan of Purchase**

Within six months after this Charter takes effect, copies of all franchises existing at the time shall be deposited with the Manager. The Council shall certify to the existence of such franchises and shall recognize them for periods not longer than the date of expiration on each. The Manager shall keep a public record of all franchises, leases or permits granted for the use of the public property of the City. The Council may fix the term of each new franchise in accordance with the laws of the State of California, provided that any franchise may be terminated by ordinance whenever the City shall determine to acquire by condemnation or otherwise the property of any utility necessary for the welfare of the City, such termination to be effective upon and not before payment of the purchase price for the property to be acquired. The method of determining the price to be paid for the property so acquired shall be that provided by law affecting the purchase of public utility properties in effect at the time of the purchase or condemnation of such public utility property.

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*(Amendment voted 04-22-1941; effective 05-08-1941.)*

*(Amendment voted 09-17-1963; effective 02-11-1964.)*

[Prior Language](#)

### **Section 105: Right of Regulation**

Plenary control over all primary and secondary uses of its streets and other public places is vested in the City. Franchises may be granted upon such terms, conditions, restrictions or limitations as may be prescribed by ordinance. Every ordinance granting a franchise shall provide that the grantee therein named, as consideration for such grant, shall pay compensation to the City in an amount and in the manner set forth in said ordinance.

*(Amendment voted 04-22-1941; effective 05-08-1941.)*

*(Amendment voted 11-07-1950; effective 01-13-1951.)*

[Prior Language](#)

### **Section 106: Revocable Permits**

Permits revocable at will of the Council for such minor or temporary utility purposes and privileges as may be specified by general ordinance may be granted or revoked by the Council from time to time in accordance with the terms and conditions prescribed thereby and such permits shall not be deemed to be franchises as the term is used in this Charter. Such general ordinance, however, shall be subject to the same procedure as an ordinance granting a franchise and shall not be passed as an emergency measure.

### **Section 107: Official Bonds**

The Council shall determine which officers of the City shall give bonds for the faithful performance of their official duties, and fix the amount of such bonds. Each officer upon entering upon his duties shall deliver to the City a surety bond executed by a reliable surety company authorized to do business in the State of California in the penal sum required, which surety bond shall include other offices of which he may be an ex-officio incumbent, and shall also cover the services of any and all assistants and deputies of said officer. The Council may, however, if it so desires, purchase from a reliable surety company authorized to do business in the State of California a blanket surety bond, which shall insure the faithful performance of the official duties of each officer named therein and fix the amount of each bond for each officer named therein. Each bond or the blanket bond if so purchased shall be approved by the Council and filed with the City Clerk. The premium of all such bonds shall be paid by the City.

*(Amendment voted 04-21-1953; effective 05-29-1953.)*

[Prior Language](#)

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**Section 108: Forfeiture of Office for Fraud**

Every officer who shall willfully approve, allow, or pay any demand on the treasury not authorized by law, shall be liable to the City individually and on his official bond, for the amount of the demand so approved, allowed or paid, and shall forfeit such office and be forever debarred and disqualified from holding any position in the service of the City.

**Section 109: Accounts of Municipally Owned Utilities**

*(Amendment voted 04-22-1941; effective 05-08-1941.)*

*(Repeal voted 11-03-1964; effective 01-21-1965.)*

[Prior Language](#)

**Section 110: Claims Against the City**

Whenever it is claimed that The City of San Diego is liable to any person because of injuries suffered by such person, either to person or property, because of negligence of the City or its officers, a verified claim for damages shall be presented in writing and filed with the designated City official of The City of San Diego within one hundred (100) days after the occurrence giving rise to the claim for damages.

Whenever it is claimed that The City of San Diego is obligated to pay money to any person because of contract or by virtue of operation of law, a demand or claim for such money shall be presented in writing and filed with the Auditor and Comptroller of The City of San Diego within one hundred (100) days after the last item of the account or claim has accrued.

Each claim for damages because of tort shall specify the name and address of the claimant, the date and place of the accident and the extent of the injuries or damages received.

Each claim or demand for money due because of contract or operation of law shall specify the name and address of the claimant, a brief description of the contract or a brief recital of the facts giving rise to the obligation of the City imposed by law.

The time limit of one hundred (100) days shall not begin to run against a claimant whose claim or demand for money due is because of operation of law until such claimant shall have actual notice of the existence of such claim.

No suit shall be brought on any claim for money or damages against The City of San Diego until a demand for the same has been presented, as herein provided.

*(Amendment voted 03-28-1939; effective 04-24-1939.)*

*(Amendment voted 04-19-1949; effective 05-20-1949.)*

*(Amendment voted 03-10-1953; effective 04-20-1953.)*

*(Amendment voted 04-21-1959; effective 05-20-1959.)*

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*(Amendment voted 09-17-1963; effective 02-11-1964.)  
(Amendment voted 11-08-1977; effective 01-20-1978.)  
(Effective 07-08-2008, the authority, power, and responsibilities conferred upon the Auditor and Comptroller by this Charter were transferred to the Chief Financial Officer. See section 39.)*

[Prior Language](#)

### **Section 111: Audit of Accounts of Officers**

Each year the Council shall provide that an audit shall be made of all accounts and books of all the Departments of the City. Such audit shall be made by independent auditors who are in no way connected with the City. Upon the death, resignation or removal of any officer of the City, the City Auditor shall cause an audit and investigation of the accounts of such officer to be made and shall report to the Audit Committee. Either the Audit Committee or the Council may at any time provide for an independent examination or audit of the accounts of any or all officers or Departments of the City government. In case of death, resignation or removal of the City Auditor, the Audit Committee shall cause an audit to be made of his or her accounts. If, as a result of any such audit, an officer be found indebted to the City, the City Auditor, or other person making such audit, shall immediately give notice thereof to the Audit Committee, the Council, the Manager and the City Attorney, and the latter shall forthwith proceed to collect such indebtedness.

*(Amendment voted 06-03-2008; effective 07-08-2008.)*

[Prior Language](#)

### **Section 112: Appraisal of City Assets**

The Auditor and Comptroller shall show in his records the cost or value of all real estate, buildings, structures, furniture and fixtures, equipment and property of any kind owned by the City, and may require every officer or Commission to assist him in procuring the data required therefor. Proper depreciation shall be made of all property of any kind which is used by the City for utility purposes. A proper balance sheet under classified heads shall be presented to the Manager for inclusion in the annual budget and shall be published in the annual report of the Auditor and Comptroller. This balance sheet shall show all convertible and other assets and all liabilities of the City.

*(Amendment voted 04-22-1941; effective 05-08-1941.)*

*(Amendment voted 11-04-1958; effective 02-19-1959.)*

*(Effective 07-08-2008, the authority, power, and responsibilities conferred upon the Auditor and Comptroller by this Charter were transferred to the Chief Financial Officer. See section 39.)*

[Prior Language](#)

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### **Section 113: Official Advertising**

All official advertising of The City of San Diego shall be done by contract. In June of each odd numbered year the Purchasing Agent must publish a notice in a daily newspaper of said City for ten days calling for proposals to do all the advertising of said City.

The bidder must be the responsible publisher of a newspaper in said City having a bona fide daily circulation and which has been regularly published in said City for at least two years immediately preceding his bid. The award of said advertising shall in all cases be made to the lowest responsible bidder. The newspaper to which the award of advertising is made shall be known and designated as the "City Official Newspaper." "Official advertising," within the meaning of this section shall include only such advertising as shall be required to be published by law.

*(Amendment voted 04-19-1949; effective 05-20-1949.)*

*(Amendment voted 03-10-1953; effective 04-20-1953.)*

*(Amendment voted 11-08-1977; effective 01-20-1978.)*

[Prior Language](#)

### **Section 114: Bureau of Information and Publicity**

The Council may establish a bureau of information and publicity under the supervision and control of the Manager, who shall designate some official in his Department or in that of the City Clerk to compile the annual report of the City giving a summary of the Council proceedings and a summary of the operations of the administrative Departments for the previous fiscal years; have charge of the editing, printing and distribution of all municipal records, reports and documents; collect and compile information and statistics concerning all Departments and offices of the City, and other municipalities; and publish as often as necessary a City Bulletin, which shall contain the transactions and proceedings of the Council, the legal advertising of the City and such other information relating to the affairs of the City as shall be determined by ordinance or as the Manager may designate. The City Bulletin shall be published in lieu of the awarding of a contract for publication of official advertising in a newspaper of the City when the Council shall determine that it is to the best advantage of the City. The City Bulletin shall be published, distributed or sold in such manner and on such terms as the Council may determine. No unofficial advertising shall be published in the City Bulletin, nor shall the City Bulletin be used to promote the candidacy of any person, or be used as a medium for any personal controversy.