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## REPORT TO THE COMMITTEE ON BUDGET AND FINANCE

MID-YEAR REVISION OF THE BUDGET AND AMENDMENT TO APPROPRIATION  
ORDINANCE

This report supplements the November 5, 2010 Report to the Committee on Budget and Finance, "MID YEAR AMENDMENT OF THE BUDGET, APPROPRIATION ORDINANCE, SALARY ORDINANCE AND TRANSFERS UNDER CHARTER SECTION 73" (Report). As explained in that Report, although the City Charter has an elaborate process for creating the annual budget, it is silent on whether the budget may be revised mid-year. Notwithstanding this omission in our Charter, based upon past practice and case law, we determined that the budget revision process would be similar to the process used to adopt the annual budget as set forth in San Diego Charter section 290(b), and would begin with the presentation of a revised budget to the City Council by the Mayor. Since that Report, questions have arisen regarding the extent to which the Council may revise the budget after receiving a proposed budget revision from the Mayor.

The clear intent of the budget process, as set forth in the Charter, is to promote stability and predictability during the budget year. The Charter specifies an "annual" appropriation ordinance and allows some limited transfers of appropriations under Charter section 73. Similarly, the salary ordinance is a controlling document for the preparation of the Annual Appropriation Ordinance. Charter § 290(a)(3). Amendments to the salary ordinance are authorized in very limited circumstances. Charter § 70. Considering the spirit and intent of the overall budget process with the City's past practice leads us to conclude that once presented with a budget revision by the Mayor, any Council modification of the Mayor's proposal would be limited to the specific item and dollar amount proposed.

A question also has been raised about the procedure for amending the budget. Prior to action on the proposed budget revision, two public hearings must be held. One of the public hearings may be held before a Committee of the Council. If, at the second hearing, the Council adopts the Mayor's budget revision without any changes, then an amended Appropriation

Ordinance may be adopted on the same day the budget revision was approved. If the Council makes changes to the proposed budget revision then the amended Appropriation Ordinance may not be adopted until after the veto process has been completed.

Respectfully submitted,

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By 

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