Legislation Details (With Text)

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Title:	***RESOLUTION - Submitting to the City electors a Balanced Budget Charter Amendment. (Subject to Mayor's veto)				
Sponsors:	Mayor's Office, Steve Brandau				
Indexes:					
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Attachments:	1. Balanced Budget Ballot Reso.pdf, 2. Supplement Resolution for Balanced Budget.pdf				

Date	Ver.	Action By	Action	Result
8/9/2018	1	City Council	adopted as amended	Pass

REPORT TO THE CITY COUNCIL

August 9, 2018

FROM: Councilmember Steve Brandau
Mayor Lee Brand

BY: Councilmember Steve Brandau

SUBJECT
***RESOLUTION - Submitting to the City electors a Balanced Budget Charter Amendment. (Subject to Mayor's veto)
RECOMMENDATION

It is recommended that the Council approve a resolution submitting to the City electors a Balanced Budget Charter Amendment for the November 6, 2018 ballot.

EXECUTIVE SUMMARY

Article XII of the Charter of the City of Fresno addresses the fiscal administration of the City. Section 1205 of that Article sets forth the approval process of the annual budget. It is recommended that an additional requirement be added that the budget be "balanced" (i.e. the total of proposed expenditures shall not exceed the total of estimated income, estimated unencumbered balances of funds to be carried over from the preceding year and unencumbered available reserves). If approved

by the Council, the Charter amendment will be placed on the November 6, 2018 general election ballot.

BACKGROUND

When Article XII of the Charter was adopted, City budgeting was a more dynamic process that envisioned not only City Council control of expenditures but revenues throughout the fiscal year. Charter Section 1207 provides that prior to the last Tuesday of August of each year, the Council must levy any additional taxes needed to meet budgeted appropriations. However, with the statewide voter adoption of Proposition 218 in 1996, the Council lost the power to directly raise taxes to offset budget shortfalls without voter approval, rendering Section 1207 unenforceable. This in theory could mean the City Council could approve a budget in deficit that could no longer be remedied through the fiscal year by changes in taxes or assessments.

That said, since Prop 218 became law, both the Administration and City Council have shown a general commitment to fiscal responsibility in passing budgets at the start of the fiscal year that are balanced, protecting the City and its residents from insolvency. However, during the FY18/19 Budget Hearings, Councilmembers noted that the Charter as written could allow the passage of a budget that is imbalanced, with expenditures knowingly exceeding projected revenues. This could result in direct implementation of line-item vetoes by the Mayor and City Manager to re-balance the budget, or put the City at risk of deficits and future insolvency.

As a matter of good policy and to protect the residents of the City of Fresno, now and into the future beyond this Council, it is recommended that the Charter be updated to require the passage of a "Balanced Budget".

Charter amendments require a majority vote of the City electorate. If the resolution before the Council is approved today, the Balanced Budget Charter Amendment will be submitted to voters for the November 6, 2018 general election.

ENVIRONMENTAL FINDINGS

N/A

LOCAL PREFERENCE

N/A

FISCAL IMPACT

The Charter Amendment itself will have a minimal one time fiscal impact estimated by the City Clerk at less than $5,000. However, if the voters approve of the Balanced Budget Charter Amendment, the City Charter will hereafter require that the total of proposed expenditures shall not exceed the total of estimated income, estimated unencumbered balances of funds to be carried over from the preceding year and unencumbered available reserves.

Attachment: RESOLUTION - Balanced Budget Ballot Resolution