



CITY OF VENICE

Office of the City Manager

MEMORANDUM

TO: Mayor & City Council

CC: Charter Officers

FROM: Edward Lavalley, City Manager

DATE: March 2, 2022

SUBJECT: Charter Section 5.02 Submission of Proposed Budget

As a product of the recently concluded review of the City's Charter, the Charter Review Committee recommended an update to Charter **Section 5.02 Submission of proposed budget and budget message**. The initiative in discussing this section of the Charter was to clarify the intent of a language change recommended by the previous Charter Review Commission (10 years ago) and subsequently approved in a public referendum.

The issue concerns the presentation of a proposed annual budget by City staff to the City Council. Specifically, the current Charter language establishes that if the staff's proposed budget to the Council will exceed 3% of the General Fund component of current adopted budget, or the current CPI, (whichever is higher) then the staff must obtain prior approval from the Council to formally present the proposed budget for review and adoption. What is unstated in the current Charter language is at what point in time the current adopted General Fund budget total is used as a reference to the new proposed budget. The issue is that during the course of any budget cycle, the City may receive unexpected funds, a grant, or other financial award; or the Council may elect to draw funds from the budget reserve to apply to a specific activity. In such cases, the Council action in determining to expend such funds will enlarge the original adopted budget total, and subsequently enlarge the number to be used in determining whether the impending budget proposal will exceed 3% of the current adopted budget. The Charter Review Committee recommended that the original adopted General Fund portion of the current budget be used as a reference for determining whether the newly proposed budget exceeds the current budget, and subsequently whether prior Council approval is needed to bring the proposed budget forward for adoption.

If the City Council supports the Charter language change of the Charter Review Committee, as stated above, the following statement represents the intent of the Charter Review Committee:

In the preparation of the annual City budget by the staff to the City Council, if the General Fund component of the staff's proposed budget exceeds 3% of the General Fund component of the initial

adopted budget for the current fiscal year, or exceeds the current CPI (whichever is higher), then the staff must obtain prior approval from the City Council to formally present the proposed budget for review and adoption.

City Manager's Proposed Language Amendment to Section 5.02:

Strike the word "approved" and replace with initial adopted; and strike the words "of the initial proposed budget" in the 2nd sentence of the paragraph.

Without prior city council approval, the city manager's proposed general fund component of the budget shall not be increased by greater than three percent of the ~~approved~~ **initial adopted** general fund component ~~of the initial proposed budget~~ for the prior year, or the percentage change in the Consumer Price Index for All Urban Consumers, U.S. City Average, all items 1967=100, or successor reports for the preceding calendar year as initially reported by the United States Department of Labor, Bureau of Labor Statistics, whichever is greater.