



## Legislation Details (With Text)

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<b>On agenda:</b>	6/8/2016	<b>Final action:</b>			
<b>Title:</b>	CONSIDER ORDINANCE NO. 16-1591, AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA, TO AMEND CHAPTER 9.5 OF THE CARSON MUNICIPAL CODE TO ESTABLISH THE LEGAL LEVEL OF BUDGETARY CONTROL (CITY COUNCIL)				
<b>Sponsors:</b>					
<b>Indexes:</b>					
<b>Code sections:</b>					
<b>Attachments:</b>	1. Budgetary Control Ordinance 16-1591, 2. SMP 1.1 Budget Transfers, 3. SMP 3.39 Budget transfers				

Date	Ver.	Action By	Action	Result
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## Report to Mayor and City Council

Wednesday, June 08, 2016

Consent

### SUBJECT:

**CONSIDER ORDINANCE NO. 16-1591, AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA, TO AMEND CHAPTER 9.5 OF THE CARSON MUNICIPAL CODE TO ESTABLISH THE LEGAL LEVEL OF BUDGETARY CONTROL (CITY COUNCIL)**

### I. SUMMARY

The proposed ordinance would amend Chapter 9.5 of the Carson Municipal Code, to require City Council resolution for budget transfers and amendments.

### II. RECOMMENDATION

FIRST READING OF ORDINANCE NO. 16-1591 BY TITLE ONLY AND WAIVE FUTURE READING, AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA, TO AMEND CHAPTER 9.5 OF THE CARSON MUNICIPAL CODE TO ESTABLISH THE LEGAL LEVEL OF BUDGETARY CONTROL.

### III. ALTERNATIVES

TAKE another action deemed appropriate by City Council.

#### **IV. BACKGROUND**

The City has two Standard Management Procedures (SMP) addressing budget transfers: SMP 1.1 issued in 1980 (updated 1995); and SMP 3.39 issued 1980 (updated 1981). SMP 1.1, written as a City Council Policy, requires City Council approval for budget transfers between funds, and those that change the basic purpose of the budget (see Exhibit B). SMP 3.39, written as a Finance and Administration Policy, established specific procedures to comply with SMP 1.1 (see Exhibit C). Some elements of SMP 3.39 are outdated due to technology advancements.

At the City Council's April 4, 2016 budget workshop, the City Council approved the Staff recommendation to prepare an ordinance establishing the legal level of budgetary control within the City's Municipal Code. Based on City Council direction, the proposed ordinance would require City Council approval for budget amendments as follows.

- Budgeted expenditure increase - require City Council resolution (vs. minute-order), as previously approved by the City Council on February 16, 2016.
- Budgeted expenditure transfer between funds or departments - require City Council resolution.
- Budgeted expenditure transfer within the same department and fund - City Manager may approve up to \$25,000; and City Council resolution required for amounts greater than \$25,000.

#### **Proposed Ordinance**

The proposed ordinance would preserve the requirement in SMP 1.1 for City Council approval of transfers between funds; and would further establish the requirement for City Council approval for transfers between departments.

The City Council authorizes the number and character of staffing positions. Each proposal to change the composition of authorized staffing is submitted to a City Council subcommittee, and the affected employee bargaining group before submission to the entire City Council for final approval (e.g. the re-organization proposal to be presented to City Council in June).

A budget transfer from a salary account to a professional services account does not alter the basic purpose of the budget, which is to provide service to the public. If there is a staff vacancy, it is appropriate for the City to backfill that vacancy with professional services to continue providing service to the public. As an example, during 2015 the City Manager retained the services of a Certified Public Accountant to assist with preparation of the FY15

-16 budget, while the City recruited for a permanent Director of Finance. The proposed ordinance preserves the requirement for City Council to approve these types of budget transfers for amounts over \$25,000.

#### Other Housekeeping Recommendations

CMC Chapter 9.5 currently includes language regarding reproduction of the budget document. The proposed ordinance updates the language to require posting of the budget document on the website, with hard copies available for review at City Hall. Finally, the proposed ordinance updates language regarding the number of independent audit report copies distributed to various City Officials.

### **V. FISCAL IMPACT**

There is no fiscal impact associated with the recommendation.

### **VI. EXHIBITS**

A - Ordinance No. 16-1591, AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA, TO AMEND CHAPTER 9.5 OF THE CARSON MUNICIPAL CODE TO ESTABLISH THE LEGAL LEVEL OF BUDGETARY CONTROL (pages 4-7)

B - SMP 1.1 (pages (8-9)

C - SMP 3.39 (pages 10-13)

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