

MOTION BUDGET & FINANCE

The City's current budget approval process does not go beyond the incremental changes proposed from one year to the next. Funding for the overwhelming majority of services provided by the City is in the budget base, a loosely defined amount required for continued functioning of departments. Detail on the budget base is not included in the annual proposed budget.

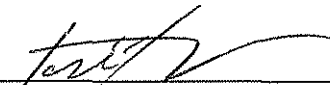
In order to make well-informed decisions regarding reductions to departmental budgets, it would be extremely useful to know the services funded, and the level of service provided in the entire budget, as funding for services in the budget base are not reviewed and considered annually. It is therefore essential for the Council to have a global perspective of City services if it becomes necessary to reduce City costs, due to reductions in revenue.

Zero-based budgeting requires that every function within an organization is analyzed for its needs and costs. Zero-based budgets are built around what is needed for the upcoming fiscal year, regardless of whether the budget is higher or lower than the previous one. Zero-based budgeting also allows top-level strategic goals to be implemented into the budgeting process by tying them to specific functional areas of the organization, where costs can first be grouped, then measured against previous results and current expectations.

During budget deliberations for Fiscal Year 2008-2009, the City Council agreed that the City needs to undertake a strategic budget review process. As part of that process, the City should begin to explore the use of zero-based budgeting. The City will need to assess the resources and expertise needed to do real zero-based budgeting, and whether zero-based budgeting should be the Citywide method of budgeting.

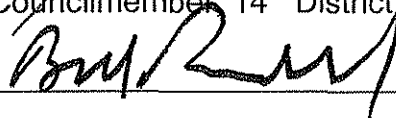
I THEREFORE MOVE that the City Administrative Officer and the Chief Legislative Analyst report back to the Audits and Governmental Efficiency and Budget and Finance Committees in 90 days with recommendations for a pilot zero-based budget exercise for three departments as they prepare their proposed budgets for Fiscal Year 2009-2010.

PRESENTED BY:



JOSE HUIZAR
Councilmember, 14th District

SECONDED BY:



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MAY 30 2008

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