

Code Review Project Update

July 25, 2016 Council Work Session
Councilmembers Don Knight,
Tom Strand, Larry Bagley



Code Review Committee



- Committee members
 - Councilmembers Larry Bagley, Don Knight, Tom Strand
 - Executive branch: Chief of Staff Jeff Greene, Deputy Chief of Staff Bret Waters
 - Special assistance from City Attorney Wynetta Massey, Budget Director Charae Moore McDaniel, CFO Kara Skinner, City Council Intern Bethany Schoemer
- Meeting twice per month
- First tackled the budget process

Charter Sections Reviewed



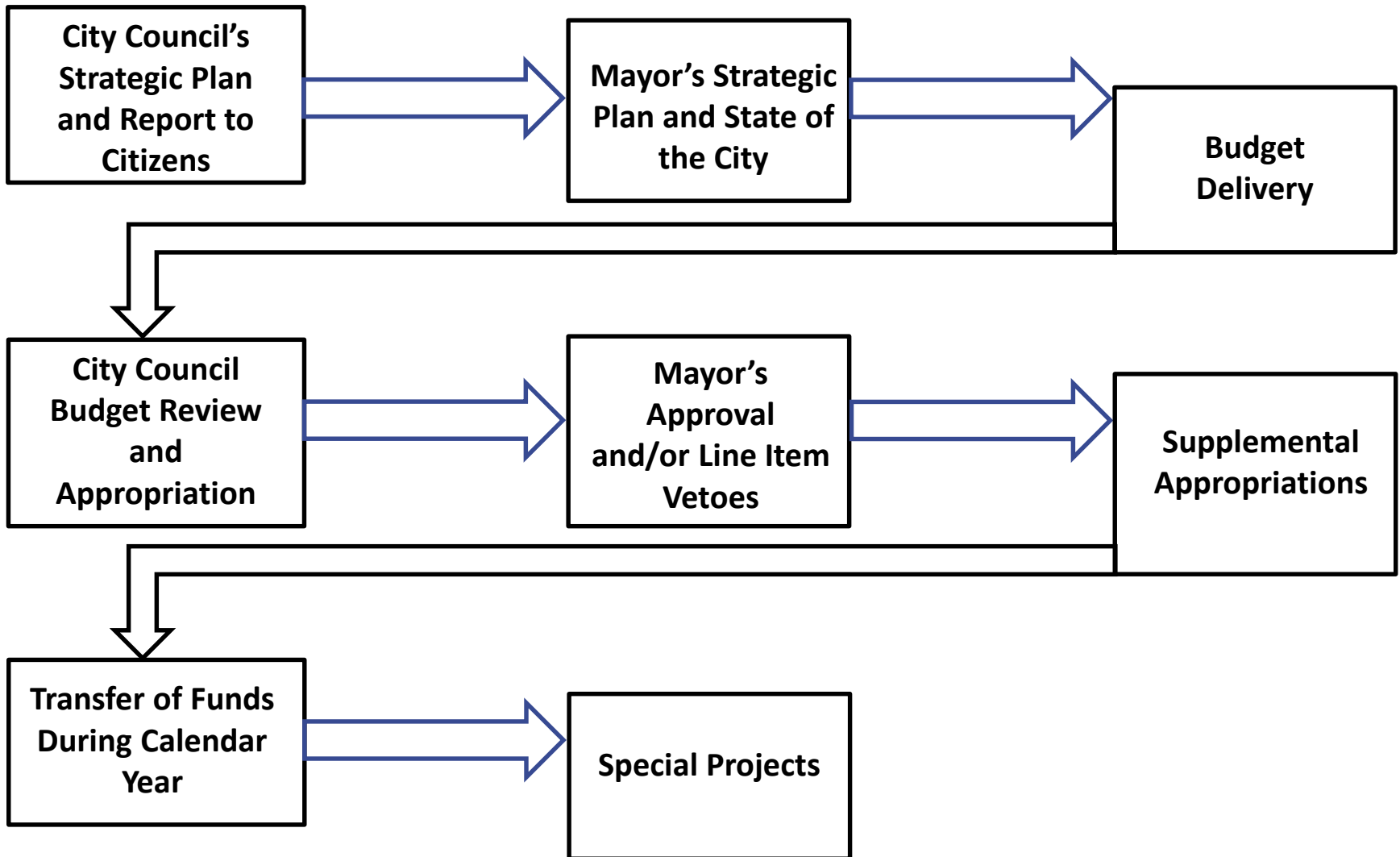
- City Charter sections:
 - 3-10(c): Council Duties
 - 3-10(d): Council Accountability
 - -370(e): Line Item Vetoes
 - 4-40(b): Mayor Accountability
 - 4-40(i): Mayor's Budget Delivery
 - 5-10: Administrative Department
 - 7-30(a-c): Budget Review and Approval
 - 7-50: Appropriations

City Code Sections Reviewed



- Chapter 1, Article 5 - Financial Management Procedures
 - 1.5.101: Definitions
 - 1.5.102: Budget; Creation of Accounts
 - 1.5.103: Appropriation and Tax Levy Ordinance; Amendment
 - 1.5.104: Transfer of Funds within Departments or Special Funds
 - 1.5.105: Transfer of Funds between Departments or Special Funds
 - 1.5.106: Transfer of Funds from Contingency Account
 - 1.5.107: Special Projects; Abandonment or Partial Abandonment
 - 1.5.108: Special Projects; Transfer of Funds
 - 1.5.109: Special Projects; Nonlapse of Appropriations
 - 1.5.110: Filing of Inventories
- Chapter 1, Article 2 – Officers of the City
 - 1.2.312 Power to Establish Departments, Divisions, Offices, and Agencies

Colorado Springs Budget Process



City Council's Strategic Plan and Report to the Citizens



- Required by City Charter 3-10(c) and (d)
 - (c) Council shall maintain a strategic plan
 - Prioritized goals and measurable outcomes
 - Mayor considers in development of the annual budget
 - (d) Council shall provide an annual “Report to the Citizens”
- Recommended: due date of April 1 for both items
 - Gives Executive Branch sufficient time to adopt into annual budget
- Recommended: Code requirement that Mayor must address Council's Strategic Plan in the annual budget
 - The Mayor does not have to fund every Council item, but must address each item
 - i.e. “Funded in section XYZ” or “Not funded due to...”

Mayor's Strategic Plan and State of the City



- Required by City Charter 4-40(b)(1)
 - Mayor shall maintain a strategic plan
 - Prioritized goals and measurable outcomes
 - Includes Comprehensive Plan and a 5-year Capital Improvement Plan
 - Used in development of the annual budget
 - Mayor shall provide an annual “State of the City” on progress of meeting Strategic Plan
- Committee recommends setting due date of no later than the First Monday of October for both
 - Current practice is:
 - Mayor’s Strategic Plan included in annual budget
 - State of the City address sponsored by Regional Business Alliance during summer

Budget Delivery



- Required by City Charter 4-40(i)
 - Due on or before First Monday of October
 - Mandates two deliverables:
 1. Estimates in writing of expenses of departments specifying in detail expenses, salaries, and amount of revenue
 2. The annual budget in such detail of each department as the Mayor may deem advisable except such as are fixed by law
 - Issue in the past has been on level of detail contained in the budget

Budget Delivery



- Recommended: Codifying current practice
 - Submission of Budget satisfies both deliverables
 - Setting level of detail as currently provided
 - Itemized by Departments
 - Three major categories within each department: Salaries/Benefits/Pensions; Operating Expenses; Capital Outlay, including
 - FTE's for each department
 - Rationale for any major changes
- Discussed delivery on the first Tuesday in September beginning in 2017
 - Would require a Charter change to codify, which we are not recommending at this time
 - Rationale: Gives new Council members time to digest and understand the budget

Council Budget Review



- Required by City Charter 7-30
 - Council shall adopt the budget with or without amendment
 - Council may add or decrease programs or amounts, and may delete or increase programs or amounts
 - City Council's budget shall be apportioned among General Fund, Utilities, and Health System
- Committee recommends codifying the following definition of "Program"
 - Program has been operationally defined as discrete municipal services provided to the public that protect or enhance the public health, safety, or welfare.
 - i.e., cannot spend the extra until they spent the base

Council Budget Review



Recommended:

If Council increases a program or amount or adds a program,

- Council is required to specify the purpose of the increase
- Mayor does not have to spend the additional funds for that purpose, BUT may not spend the additional funds on anything else
- Example: Council adds \$1M to Parks Department for park watering, money can only be spent on park watering; any remaining amount is returned to the reserve

Council Budget Review



Recommended:

If Council decreases a program or amount,

- Mayor may restore funding from within the Department or Special fund WITHOUT Council approval through savings or moving from one program to another
- Example: Council reduces number of new Police cars purchased to pay for park watering; Mayor may buy additional cars but only from funding within Police Department
- Example: Council reduces Police Department funding to pay for park watering; Mayor may not increase Police Department funding but does decide how the cut would be applied within the Police Department

If Council deletes a program

- Mayor may not spend any funds on that Program without Council approval

Annual Appropriation Ordinance



- Required by City Charter 7-50
 - Upon the basis of the budget as adopted and filed
 - The several sums shall be appropriated by ordinance
 - Shall be adopted no later than December 31st in each year
 - Shall be entitled “The Annual Appropriation Ordinance”
- Charter has budget approval separate from appropriation ordinance, but, in practice, these are the same

Annual Appropriation Ordinance



Recommended: Codifying the current practice

- While U.S. Congress has separate authorization and appropriation bills, Committee believes this is not in the best interest of the City
 - Eliminates duplicity and avoids confusion if two are different
- If budget is a separate document, Mayor would have to approve or veto the budget in its entirety
 - Line items vetoes are only for appropriation ordinances

Mayor's Approval or Line Item Vetoes



- In any ordinance appropriating funds, the Mayor may disapprove specific line items (City Charter 3-70(e)(1))
- What is a “line item”?
 - Current appropriation ordinance structure is:
 - Section 1: Department definition
 - Section 2: Money moves
 - Section 3: Qualifying language on money moves
- Recommended: Restructure & codify the appropriation ordinance:
 - Mayor may veto any section as a “line item”
 - However, money moves and restriction language are a single “line item”

Supplemental Appropriations



- Supplemental appropriations (City Code 1.5.103)
 - 103(A): Mayor may recommend revisions and amendments to reflect corrections of revenues and expenditures
 - Council may adopt with or without amendment
 - 103(B): Council may amend to reflect corrections of revenue and expenditures to accord with actual fact

Supplemental Appropriations



- Recommended: Clarify 1.5.103 to specify that Council or Mayor may originate a supplemental appropriation ordinance for any purpose
 - There are institutional “checks” on Council-originated supplemental appropriation ordinances:
 - Need a Council majority to pass
 - Mayor has the option to line item veto
 - Need six Council votes to override a Mayoral veto

Transfer of Funds Within a Department



- City Code 1.5.104 authorizes Mayor to transfer funds within a Department or Special Fund without coming back to Council
 - Committee endorses the continuation of this practice

Transfer of Funds Between Departments



- City Code 1.5.105 requires Council approval to transfer funds between Departments or Special Funds
 - Committee endorses the continuation of this practice as well
- Who defines a “Department”?
 - City Charter 5-10: Council has sole authority
 - By Ordinance, Council may establish departments, divisions, offices or agencies in addition to those created by Charter
 - No function may be assigned to a department if Charter places it in another department
 - City Code 1.5.101 defines department as: “Any department, division, office or agency of the City as may be designated, from time to time, by the Mayor, the Utilities Executive Director or City Council.”
 - City Code 1.2.312 gives Mayor authority to establish departments, divisions and to prescribe functions
 - Again, no function assigned by Charter to one department may be assigned to another

Transfer of Funds Between Departments



- Recommended: Clarifying code so that
 - Mayor may organize staff according to what best fits his/her management style (operating departments)
 - Council has sole right to establish appropriations departments
 - Intent is to avoid creation of super appropriation departments as in the 2012 & 2013 budgets
 - Example: Mayor could create an overarching Public Safety operating department but funding would remain separated between Police and Fire appropriating departments

Special Projects



- Special projects are not defined in Charter or Code
- City Code 1.5.107 allows Mayor to recommend and Council to approve abandonment or partial “abandonment” of a Special Fund
 - Committee recommends either body can originate ordinance
- City Code 1.5.108 allows Mayor to transfer any unspent funds on a finished Special Project to another Special Project without consent of Council
 - Committee recommends deleting this provision, reverting to 1.5.109
- City Code 1.5.109 states that Project funding does not expire at the end of the year
 - At end of project, any unspent money reverts back to originating fund’s reserve
- Committee also recommends annual budget identifies all Special Projects and dollars carried over from previous years

Transfers & Inventories



- Recommended: Repeal City Code 1.5.106, Transfer of Funds from a Contingency Account
 - Contingency accounts (different from a fund's reserve) are not used
- Recommended: Repeal City Code 1.5.110, Filing of Inventories
 - Already required by State law

What's next?



- Policy and Procedure Manual
 - City Code requires Council to approve the PPM
 - Committee recommends Council only approves Policies and not Procedures
 - Council will have “line item veto” over each Policy change instead of an up or down vote on a packet of changes

What's next?



- Salaries
 - Various parts of current code either conflict or are vague if Council sets salary or salary ranges for Mayoral appointees
 - Committee recommends following current practice of Council setting actual salary only for City Attorney; City Auditor; Council Administrator
 - Council approves salary ranges for all other employees (except sworn, which are actual salaries)

What's next?



- Appointees
 - Lots of confusion on interim vs. acting appointments requiring Council confirmation
 - Committee recommends:
 - An “acting” appointment is a City employee receiving their current salary plus 10%, with no time limit
 - An “interim” appointment is someone hired in from outside the organization receiving that position’s salary
 - 12 month total aggregate time limit on interim(s)
 - At end of 12 months, interim appointee must leave or be submitted for Council confirmation