



Memorandum

TO: MAYOR REED

FROM: Councilmember Pete Constant

SUBJECT: BUDGET DOCUMENT

DATE: May 23, 2012

Approved

Date May 23, 2012

RECOMMENDATION

That the following recommendation be enacted.

BACKGROUND

City-Council Initiated Neighborhood Improvement Reserve Fund/Other Budget Proposals

FIFTH YEAR OF SUBMITTAL

Program/project Title: Improve Transparency of Mayor and City Council Office Expenditures

Amount of City Funding Required: \$0

Fund Type (i.e. General Fund, C&C funds, etc.): N/A

Anticipated Outcomes:

To provide transparency in regard to the actual costs of operating the offices of the Mayor and the ten City Council districts.

Mayor and City Council office budgets should not be treated differently from any other City department budget. Unlike other departments, City Council office budgets are not listed separately in the city's annual budget, rollovers of unencumbered funds are allowed, and a separate fund is set up for "common" expenses rather than charging each office for their prorated share of expenses. With this type of accounting, there is no transparency and no incentive to save or control costs.

While it is notable that the FY12-13 Proposed Budget continues last year's practice of shedding a sliver of light on the true public expense of operating the offices of the Mayor and City Council (Proposed Budget page VIII – 199), the office budgets of our elected leaders are still not transparent to the members of the public.

To encourage openness and transparency in governmental budgeting it is recommended that the Council General Fund be allocated to the Mayor and individual City Council office budgets as separate line items.

Some offices rely more than others on the Council General Fund to serve their constituency, resulting in a disparity between districts. For example, some offices choose to use a mail house to print, stuff and mail bulk mailings for community events. The use of a mail house eliminates almost all of the administrative staff costs and is, overall, less expensive with respect to materials and postage. This results in a significant savings of materials and staff time, but the entire expenditure is borne by the individual Council office's budget, not the Council General Fund. Other offices rely on the 18th floor copy machines and staff to prepare mailings that then go out in the mail at a first class postage rate via the city's mail room, resulting in higher postage rates and inequity in staff time. These costs are borne by the Council General Fund, leaving the council office's budget unaffected as the Council General Fund becomes the funding source for a council district's community event. Additionally, each office is charged a prorated share for printing and postage, whether or not the office uses the service.

As a second, related example, some offices use color printers in their offices to print color documents, while others simply use the larger, shared color printers. The lack of allocation of costs to individual office budgets creates an economic incentive to use these shared printers. Conversely, councilmembers and council district staff have no incentive to seek cost-cutting measures for these and additional office expenditures that have been traditionally paid for out of the Council General fund, as they do not realize the benefit of these measures.

Further, not all offices receive equal staff funding from the Council General Fund. The inequity in staffing costs charged to Council General by different council districts leads to inequity in constituent services.

While there are expenses that are shared between Council offices, the appropriate way to account for them is by charging each office for actual use and by prorating expenses of shared services as is done in nearly all other City Departments.

The amount of individual office rollovers of unencumbered funds and/or the spending patterns of individual offices are not readily apparent to the general taxpayer. There is no reason that the general public should not be able to see a clear picture of the actual costs of providing constituent services in the Mayor and City Council offices and compare those costs on a year-to-year basis.

I believe this change in funding allocation is consistent with the City Charter. Each elected office is designed to be autonomous from the rest with regard to the operation and expenditure of funds to carry out service to constituents. This autonomy is referenced in Section 901 of the City Charter. This section gives councilmembers sole discretion over appointing their staff members, the cost of which comprises the vast majority of the cost of running a council office. This is the same authority given to council appointees. Councilmembers serve as the department director for each council office and make the majority of operating expenditure decisions independent of other offices. However, this independence is limited, to the detriment of the City.

This action will ensure a uniform distribution of funding among the City Council offices and equal representation for the constituents of each council district, while, most importantly, giving the public an accurate view of the real costs of constituent service.

Department or Organization: Mayor and Council Offices

Department or Organization Contact (Please list contact information for the individual that certified cost estimates contained within your recommendation.)

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This change is:

_____ One-time X Ongoing

The City Service Area to which the change best relates:

Community & Economic Development Services

Neighborhood Services

Public Safety

Environmental and Utility Services

Strategic Support

Transportation and Aviation Services