

FY
09

Budget Development Strategy
Workshop

Tuesday, March 11, 2008
2:00 p.m.—4:30 p.m.

Oak Park Community Center
3425 Martin Luther King Jr. Blvd

City of Sacramento

**SACRAMENTO CITY COUNCIL
BUDGET DEVELOPMENT STRATEGY WORKSHOP**

March 11, 2008

Oak Park Community Center

3425 Martin Luther King, Jr. Boulevard

Sacramento, CA

2:00 p.m. – 4:30 p.m.

Agenda

Welcome

Public Comment

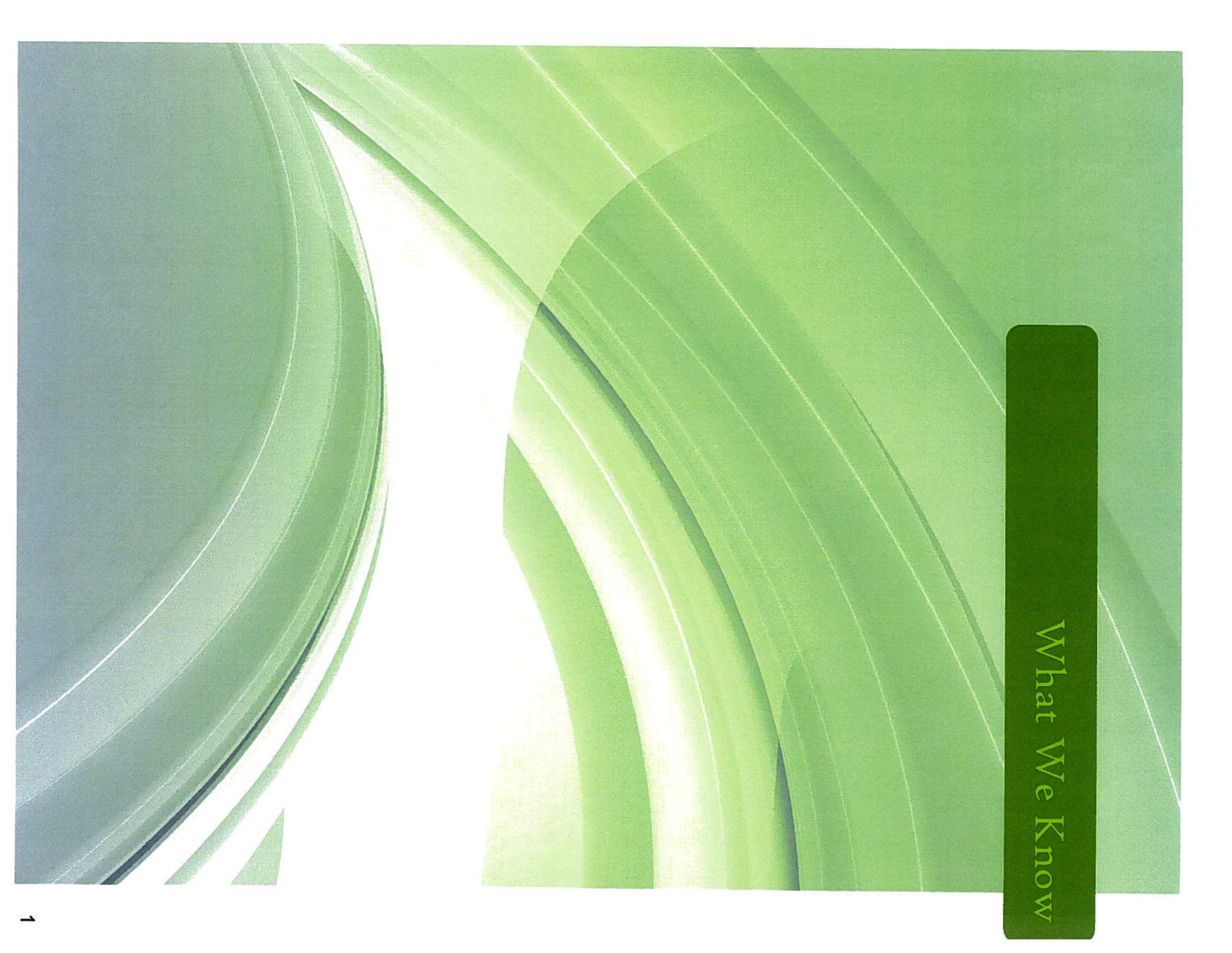
What We Know

Strategies

Roadmap to a Balanced Budget

Wrap/Next Steps

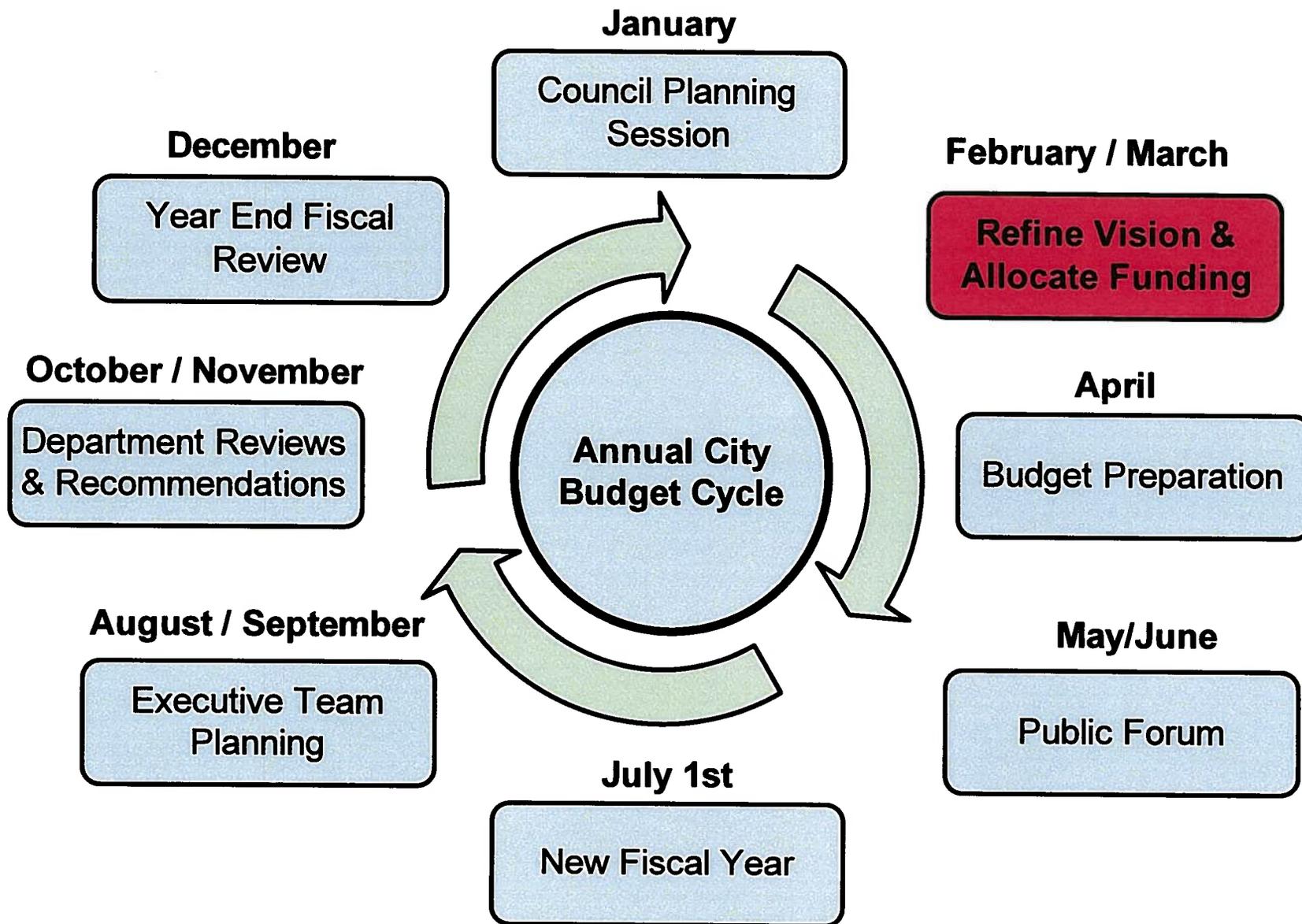
Adjourn

The background features a series of overlapping, curved, light green bands that create a sense of depth and movement. A dark green vertical bar is positioned on the right side of the image, containing the text 'What We Know' in a light green, serif font.

What We Know

MEETING OBJECTIVES

- ✓ Review Background and Strategies
- ✓ Feedback on Strategies
- ✓ Overview Reductions in Key Departments



COUNCIL ADOPTED BUDGET OBJECTIVES AND PRINCIPLES

Budget Objectives

- Develop a fiscally sustainable spending plan by July 1st
- Align the City Council's strategic plan with the budget
- Provide funding to deliver services and infrastructure to the community
- Communicate Council's vision to the community

Budget Principles

- Maintain a fiscally sustainable, balanced budget
- Use one-time resources strategically
- Identify return on investment and impacts; fiscal and social benefits
- Maintain a reserve for economic uncertainties
- Keep the City Council informed on the fiscal condition of the City
- Focus on incremental changes to staffing and spending
- Identify resources for top priorities and initiatives
- Continuous evaluation for efficiencies and effectiveness

FY09 BUDGET DEVELOPMENT GUIDELINES

- Preserve the delivery of City services to residents and businesses to the extent possible
- Use a mix of reserves, new revenues and citywide departmental reductions consistent with a sustainable budget approach
- Evaluate new ways to do business, including organizational efficiencies
- Pursue new, and enhance existing revenue sources, where appropriate, to recover costs of programs and services
- Preserve employment for career employees
- Engage the public, unions, City staff and City Partners on an ongoing basis

Budget Advisory Committee (BAC)

In December 2007, the City Manager directed staff to identify options and alternatives to address the City's budget deficit. This working group comprised of the Directors of Finance, General Services, Governmental Affairs, Parks and Recreation, Transportation, the Chiefs of Police and Fire, the City Attorney and Assistant City Manager Hanneman met regularly to develop alternatives for consideration. Through these efforts, the City Manager has identified both short, mid and long term strategies that could be implemented in efforts to reduce the budget deficit. Short, mid and long term categorization was based on the consideration of the complexity or time necessary to implement and the savings generated. Following is a summary of the strategies identified by the BAC:

Short Term

1. Update Fees and Charges
2. Functional Consolidations for Efficiencies
3. No COLA/Reduced for Exempt Management
4. Revenue Opportunities (TOT, Parking)
5. GPS on City Fleet
6. Voluntary Separation Program

Mid Term

1. Revisit Vehicle Standards and Fleet Policy
2. Defer Replacement Vehicles
3. Common/Floating Furlough
4. Represented COLA Deferral
5. Evaluate Internal Reorganizations/Consolidations

Long Term

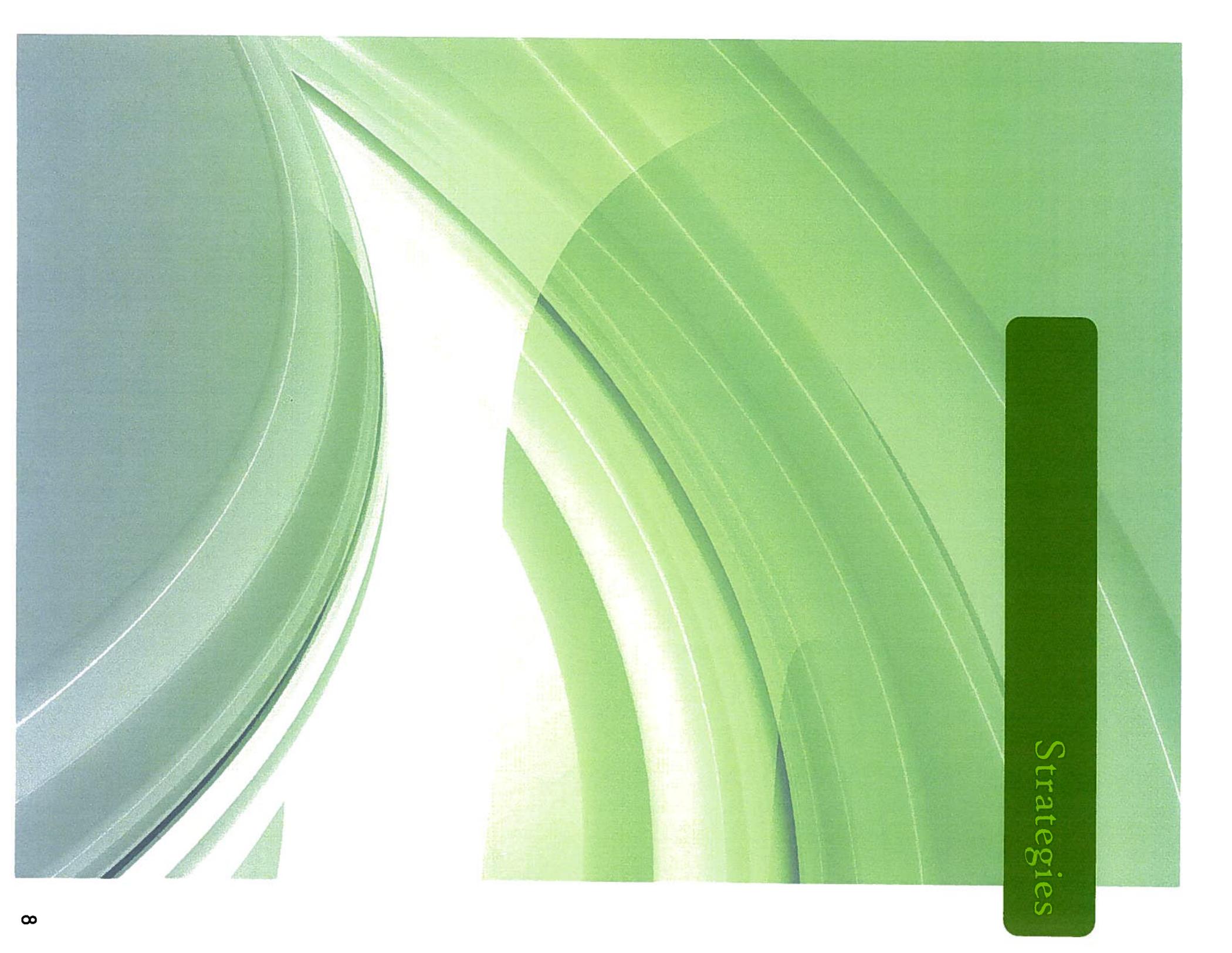
1. Interagency Reorganization
2. Parking Revenue Opportunities
3. GPS Operations and Maintenance Savings
4. Privatization of some services and operations
5. Vehicle Take home Policy

STRUCTURAL DEFICIT

Revenues	\$400.0 m
Expenditures	<u>(458.0) m</u>
Structural Deficit	<u>\$ (58.0) m</u>

VACANCY STATUS

Current General Fund Vacancies	200
Transfer to Enterprise Funds	50
Voluntary Separation Program	<u>100-200</u>
Estimated by June 30 th	<u>350-450</u>

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Strategies

STRATEGIES

FISCAL

- Selective Hiring Freeze
- Voluntary Separation Plan
- Revenues
- Use of Reserves

OPERATIONAL

- Develop 10%-20% Reduction Scenarios
- Review Operational Impacts
- Implement Efficiencies
- Minimize Public Impact
- Minimize Layoffs
- Replenish Reserves

RESERVE BALANCE

Economic Uncertainty Reserve	\$30.0 m
FY2007/08 Budget	(4.5) m
Set Aside for Negotiations	(4.5) m
Voluntary Separation Program	(7.0) m
Available Reserves	\$14 m



Roadmap to a Balanced Budget

FY2008/09 ROADMAP

Structural Deficit	\$58.0 m
Revenues	(4.0) m
Subtotal	54.0 m
Reductions	<u>(44.0) m</u>
Reserves	\$10 m

- ✓ The gap between revenues and expenditures is a structural, permanent problem requiring permanent reductions
- ✓ Departments have identified 10%-20% Reduction Scenarios
 - Under this scenario, department reductions are approximately 16% across the board
 - To the extent that any department does not meet this target, other departments will have to take additional reductions, or additional reserves will have to be used
- ✓ Do not recommend using the entire reserve in FY2008/09
 - Use of one-time funds pushes reductions to FY2009/10
 - Given the status of the local and national economy, FY2009/10 remains uncertain
- ✓ Strategic use of vacancies, reductions and reserves
- ✓ Discuss impacts in May and June budget hearings

Reduction Impact

Department	10%	10% FTE	20%	20% FTE
Mayor/Council/Charter Offices	1,478,219	12	2,956,437	14
Support Departments	3,345,700	8	6,691,400	33
Code Enforcement	621,900	6.00	1,243,800	12.00
Convention, Culture & Leisure	427,500	2.00	855,000	10.50
Development Services	412,100	5.00	824,200	9.00
Economic Development	161,900	1.00	323,800	2.00
Fire	7,288,800	55.00	14,577,600	110.00
Library	418,100	7.00	836,200	14.00
Neighborhood Services	150,200	1.00	300,400	2.00
Parks & Recreation	2,774,500	16.52	5,549,000	49.16
Planning Department	304,300	1.00	608,600	1.00
Police	12,636,900	135 - 150	25,273,800	265 - 295
Utilities	8,400	-	16,800	-

City Attorney

FY2007/08 General Fund FTE	58.00
FY2007/08 General Fund Budget	\$7,539,000
Less Reimbursements	(\$2,134,000)
Less Revenues	(\$10,000)
FY2007/08 Net General Fund Budget	\$5,395,000
20% Reduction Target	\$1,079,000

FY2008/09 20% Budget Reduction Summary

	Service and Supplies	Revenues	Offset Increase	Total Savings	FTE
Labor	\$20,000	\$0	\$568,999	\$1,079,000	5.00
\$490,001					

Programmatic Impact Summaries:

Five positions, including one attorney position will be unfunded. CIP monies to be spent on CAO improvements including law library; compact file storage, and additional attorney offices will be transferred to the general fund and construction of these improvements deferred to a later date.

Litigation Section – May necessitate sending litigation cases to outside counsel depending on number of new litigation cases brought against the City.

Transactional/Advisory Section – Some degradation in opinion response time is anticipated.

Law Library, File Storage, Attorney Offices – Transfer of CIP monies defers construction of law library, compact file storage and additional attorney offices that were not completed upon move to New City Hall.

City Clerk

FY2007/08 General Fund FTE	13.00
FY2007/08 General Fund Budget	\$1,619,000
Less Reimbursements	(\$171,000)
Less Revenues	(\$107,000)
FY2007/08 Net General Fund Budget	\$1,341,000
20% Reduction Target	\$268,200

FY2008/09 20% Budget Reduction Summary

	Service and Supplies	Revenues	Offset Increase	Total Savings	FTE
Labor	\$0	\$0	\$0	114,100	1.00
	\$114,100				

Programmatic Impact Summaries:

Reduction of 1.00 FTE and Voluntary Work Furlough

- Negative impacts of up to 15-21 days delay in service delivery to process and distribute agreements, contracts, resolutions, ordinances and requests for information. Loss of capacity via reduction in 1.00 FTE and less available time due to work furlough will affect service delivery in all areas.

City Manager

FY2007/08 General Fund FTE	24.00
FY2007/08 General Fund Budget	\$4,333,000
Less Reimbursements	(\$915,000)
Less Revenues	(\$0)
FY2007/08 Net General Fund Budget	\$3,418,000
20% Reduction Target	\$634,400

FY2008/09 20% Budget Reduction Summary

Labor	Service and Supplies	Revenues	Offset Increase	Total Savings	FTE
\$358,442	\$60,000	\$0	\$218,962	\$637,404	3.00

Programmatic Impact Summaries:

Reduction in staff in the Office of Public Safety Accountability (OPSA), City Audit, Legislative Affairs and support staff which will reduce service levels, increase response times and result in program scope being reduced.

- OPSA – reduction in outreach efforts and future development of program
- City Audit – delays in implementation of audit work plan and other audit activities
- Legislative Affairs – reduced ability to monitor and respond to legislative issues and reduction in City advocacy at the federal level

City Treasurer

FY2007/08 General Fund FTE	18.00
FY2007/08 General Fund Budget	\$2,307,000
Less Reimbursements	(\$236,000)
Less Revenues	(\$2,825,000)
FY2007/08 Net General Fund Budget	(\$754,000)
20% Reduction Target	\$0

FY2008/09 20% Budget Reduction Summary

Labor	Service and Supplies	Revenues	Offset Increase	Total Savings	FTE
\$416,637	\$0	\$0	\$0	\$416,637	4.0

Programmatic Impact Summaries:

Investment Management

- Decrease in superior investment performance and fee recovery loss of revenue estimated at \$700,000
- Loss of equity expertise would require outside money manager at increased cost to retirement of \$1,000,000
- Decrease in earnings and increasing costs result in continued and/or increasing subsidy by City to SCERS \$3.2 million or more annually

Debt Mgt.

- Reduced level of post issuance management
- Potential risk to tax-exempt status or payment of penalties/damages
- Decline in investor confidence
- Increase in future borrowing costs

Cash Mgt.

- Lower level of proactive cash management
- Loss of superior investment performance

Banking Svs.

- Decline in customer service and program management
- Increased potential for fraud risk
- Potential higher fees and costs
- Potential misuse of City funds

Administrative Svcs.

- Delay in customer service e.g. phones, mail
- Delay in processing of accounts payable and associated reporting, increase costs due to delinquency or late fees
- Inefficiencies in core services through “tickle up” of routine administrative functions

Code Enforcement

FY2007/08 General Fund FTE	92.00
FY2007/08 General Fund Budget	\$9,753,000
Less Reimbursements	(\$438,000)
Less Revenues	(\$3,096,000)
FY2007/08 Net General Fund Budget	\$6,219,000
20% Reduction Target	\$1,243,800

FY2008/09 20% Budget Reduction Summary

	Service and Supplies	Revenues	Offset Increase	Total Savings	FTE
Labor	\$971,023	\$158,300	\$0	\$1,244,323	12.00

Programmatic Impact Summaries:

Code Compliance Reduction

- Reduction of 5.0 FTE will result in an increased workload and increased time for case processing.
- Impact to the community will include longer wait time for response to calls and complaints. Cases will take longer to resolve and backlog will increase. Nuisance properties will take longer to clean up and abandoned vehicles will remain for longer periods of time.

Business Compliance Reduction

- Reduction of 3.0 FTE will eliminate proactive enforcement for business activities including somatic practitioners, arcades, billiards, and illegal outdoor vending.
- Response to these business activities will be on a complaint basis. Staff support for accounting, business compliance hearings, procurement, and other administrative functions will be shifted among other administrative personnel. As a result, administrative functions may experience delays and backlog.

Housing and Dangerous Buildings Reduction

- Reduction of 4.0 FTE will result in an increased workload and increased time for case processing.
- Impact to the community will include longer wait time for response to calls and complaints. Cases will take longer to resolve and backlog will increase. Nuisance properties will take longer to secure and standard properties will remain in disrepair for longer periods.

Vacant Building Program (New Revenue)

- The increasing volume of vacant building cases has resulted in a significant impact on workload to perform inspections, impose monitoring and response fees as well as administrative penalties for those properties that are not in compliance with the city code.
- Market conditions have resulted in a significant number of bank-owned or foreclosed properties that have become vacant and become a public nuisance. These properties are monitored to prevent properties from becoming a threat to public health, safety and welfare.
- Under the vacant building ordinance, code enforcement will impose fees and penalties for non-compliance. In addition to the number of inspections, the volume of invoicing, appeals, liens, and hearings will increase until the market conditions change.

Elimination of Fire Securement Response

- Code Enforcement has transferred responsibility back to the Fire Department for securing fire damaged structures. With the Fire Department resuming this responsibility and utilizing the established contractor list, Code Enforcement is no longer impacted with overtime or securement expenses related to fire damaged structures.

Convention, Culture and Leisure

FY2007/08 General Fund FTE	110.62
FY2007/08 General Fund Budget	\$10,416,000
Less Reimbursements	(\$4,156,000)
Less Revenues	(\$1,985,000)
FY2007/08 Net General Fund Budget	\$4,275,000
20% Reduction Target	\$822,595

FY2008/09 20% Budget Reduction Summary

Labor	Service and Supplies	Revenues	Offset Increase	Total Savings	FTE
\$444,914	\$376,681	\$1,000	\$0	\$822,595	10.50

Programmatic Impact Summaries:

Archives

- Realign staffing classifications appropriate to organizational requirements
- County support also likely to be reduced

Cemetery

- Reduction in maintenance of grounds and repair of gravestones and monuments
- Supplies reductions will significantly impact maintenance activities of Sheriff's Work Crew that annually provides over 50,000 hours of free labor

Crocker Art Museum

- Elimination of Free Sunday hours to the public, outreach programs to schools and in-house programs for families and visitors with special needs
- Decrease in attendance and memberships resulting in loss of non-profit revenues
- 1885 Gift Deed with the Crocker family requires the City to maintain the Museum

Discovery Museum

- Significantly reduce educational and outreach programs at the History Center in Old Sacramento and Science Center on Auburn Boulevard
- Decrease in attendance and memberships resulting in loss of non-profit revenues
- County support also likely to be reduced

Fairytale Town

- Reduce funding for up to four special events

Metropolitan Arts Commission

- Reduce administrative and technical support for re-granting and arts education programs
- County support also likely to be reduced

Old Sacramento

- Reduced maintenance of Old Sacramento public areas by 20 percent
- Loss of visitors and their economic impact to Sacramento's premier tourist destination.

Zoo

- Reduce zookeeper staff and realign job assignments will result in fewer people caring for the animals.
- Decrease in attendance and memberships resulting in loss of non-profit revenues

Development Services

FY2007/08 General Fund FTE	246.50
FY2007/08 General Fund Budget	\$26,993,000
Less Reimbursements	(\$4,642,000)
Less Revenues	(\$18,170,000)
FY2007/08 Net General Fund Budget	\$4,121,000
20% Reduction Target	\$824,200

FY2008/09 20% Budget Reduction Summary

Labor	Service and Supplies	Revenues	Offset Increase	Total Savings	FTE
\$882,603	\$0	\$0	\$0	\$822,603	9.00

Programmatic Impact Summaries:

Plan Review Services (Building Division)

- Residential review increase in length of review time from 14 days to 19 days
- Commercial review increase in length of review time from 20 to 25

GIS Support Services (Administration Division)

- GIS Address Parcel Owner (APO) updates decrease of work by 25%
- Enterprise Layer maintenance reduction of work by 50%
- 3D Partial modeling services eliminated

Administrative Services Group (Administration Division)

- Boards & Commissions support services decrease of work by 25%

Economic Development

FY2007/08 General Fund FTE	27.00
FY2007/08 General Fund Budget	\$5,510,000
Less Reimbursements	(\$52,000)
Less Revenues	(\$3,839,000)
FY2007/08 Net General Fund Budget	\$1,619,000
20% Reduction Target	\$323,800

FY2008/09 20% Budget Reduction Summary

	Service and Supplies	Revenues	Offset Increase	Total Savings	FTE
Labor	\$87,478	\$0	\$0	\$323,800	2

Programmatic Impact Summaries:

The department will defer hiring two Senior Project Manager positions and use a portion of its consulting services budget to accomplish tasks typically provided by permanent staff.

Economic Development – Citywide

- Delay in developing:
 - 65th Street and Power Inn Opportunity Area
 - Cal Expo/Point West Opportunity Area
 - Raley Blvd Industrial Project Area
- Discontinued/reduced levels of partnership with non-profit regional partners that provide business retention and attraction services

Finance

FY2007/08 General Fund FTE	104.50
FY2007/08 General Fund Budget	\$8,458,000
Less Reimbursements	(\$1,982,000)
Less Revenues	(\$488,000)
FY2007/08 Net General Fund Budget	\$5,988,000
20% Reduction Target	\$1,197,600

FY2008/09 20% Budget Reduction Summary

Labor	Service and Supplies	Revenues	Offset Increase	Total Savings	FTE
\$691,000	\$436,773	\$70,000	\$0	\$1,197,773	6.00
Revenue Alternative 20% Budget Reduction Summary					
\$200,000	\$436,773	\$711,000	\$0	\$1,347,773	3.00

Programmatic Impact Summaries:

Revenue

- Eliminate \$100,000 on-going funding for consultants for various collections system development/replacement.
- Delays replacement of Cashiering, Business Operations Tax, Rental Tax, Transfer Tax, Weed Abatement and Utility Users Tax Rebate systems which are critical for collecting revenue for the City. Funding will need to be identified from other sources.
- Utilize 3rd party collection agency to collect on delinquent parking citations.
- Collection agency experience on old tickets is 10% return on \$10,000,000 of stale tickets however this could result in staff receiving a 20% increase on parking citation customer inquires due to increased collection attempts.
- Reassign Revenue division staff to focus on increasing delinquent collections.
- Reassignment of key management staff may negatively impact coordination of business permits, including but not limited to: Taxicabs, Mobile Food Vendors, Massage and entertainment establishments.
- 1.0 FTE Customer Service Specialist and 2.0 Customer Service Representatives in Revenue are vacant and will be frozen.
- In-person customer wait times will increase from approximately 2 - 10 minutes to 5 - 40 minutes.

Accounting

- Eliminate 2.0 FTE Senior Accountant Auditor, 1.0 FTE Account Clerk II, and 1.0 FTE Payroll Clerk
- Increased processing time for payments to vendors for goods and services and to employees for travel and other reimbursements by several days.
- Increased time for accounting journal processing including, but not limited to: posting of journals and updating budgetary reports.
- Annual financial reporting may be delayed, causing a reportable event for continuing disclosure to investors if Comprehensive Annual Financial Report (CAFR) is not filed timely, and fines from the State Controllers Office if annual reports are not filed timely.
- Increases response time to address and correct payroll errors and to issue adjusted/retroactive payments by days or weeks.
- Increased risk of fraud as oversight of financial transactions is reduced and increased risk of audit findings. Audit findings and delayed financial reporting could affect the City's ability to obtain grant funding or to issue bonds in the future.

Administration/Budget Office

- Eliminate 1.0 FTE Special Project Manager and 1.0 FTE Administrative Technician position which support Administration and Budget Office divisions.
- Decreases change management support for electronic Citywide Accounting and Paryroll System (eCAPS).
- Impacts support of Citywide administrative and special projects issues including but not limited to: processing payments for County property tax and City property business improvement districts (PBIDS) and revising Citywide Administrative Policy Instructions (API's).

Revenue Collection Focus Alternative

- Reassign staff threatened with layoff due to reductions described above to revenue collection and enhancement programs.
- Up to \$5m in additional current and delinquent revenue could be collected, primarily for the Transportation, Development Services, and Code Enforcement Departments.
- Finance Department would recover costs of collecting the revenue and pass the balance to the departments.
- Reductions in the mission critical areas of Payroll and Accounts Payable would be avoided. Even with the coming reductions in staff and spending, the real workload of Payroll and Accounts Payable will not change.

Fire

FY2007/08 General Fund FTE	651.00
FY2007/08 General Fund Budget	\$92,525,000
Less Reimbursements	(\$793,000)
Less Revenues	(\$18,844,000)
FY2007/08 Net General Fund Budget	\$72,888,000
20% Reduction Target	\$14,577,600

FY2008/09 20% Budget Reduction Summary

Labor	Service and Supplies	Revenues	Offset Increase	Total Savings	FTE
\$14,584,206	\$0	\$0	\$0	\$14,584,206	110-125

Programmatic Impact Summaries:

Brown out 9 fire companies on a rolling basis each day. Every fire station, crew and neighborhood will participate on an equally shared basis.

Rolling Daily Brown Out of 9 Fire Companies

- 110-125 personnel will be laid off. (Including reduction in rank of 27 Captains & at least 27 Apparatus Operators.)
- Neighborhood Fire Company will be closed approximately twice a week.
- Average response time will be over 7 minutes for 1st arriving Fire Company, an increase from the current average of 5 minutes.
- If incident requires a 2nd Fire Company, average response time for additional unit will be over 9 minutes, an increase from the current average of 7 minutes.
- Probable significant increase in property damage and casualty losses.

General Services

FY2007/08 General Fund FTE	206.50
FY2007/08 General Fund Budget	\$24,404,000
Less Reimbursements	(\$9,090,000)
Less Revenues	(\$975,000)
FY2007/08 Net General Fund Budget	\$14,339,000
20% Reduction Target	\$2,867,800

FY2008/09 20% Budget Reduction Summary

	Service and Supplies	Revenues	Offset Increase	Total Savings	FTE
Labor	\$941,918	\$553,000	\$238,975	\$2,867,800	15.00

Programmatic Impact Summaries:

311 Call Center

- Insufficient supervisory staffing. All supervision to be provided by the 311 Call Center Manager, thereby reducing the time available for quality control and program enhancements.

Animal Care

- Reduced ability to care for animals and provide customer service at the Shelter.
- Increased response time to animal control calls including calls for animal and people health and safety.
- Potential adverse impact on the ability to collect animal license and fee revenue.

Facility & Real Property Management

- Reduced levels of security, janitorial, and window washing services at City facilities.
- Mandatory thermostat adjustment in City buildings (two degrees hotter in summer, two degrees colder in winter).
- Reduced level of graffiti abatement (service level to be capped at the budgeted reimbursement level).
- City facilities to be maintained in order of: 1) life safety/security; 2) structural/building integrity; 3) emergencies. Occupant comfort and/or cosmetic corrections will not be performed.
- Potential for delay in the delivery of capital projects (from property acquisition/property management to contract processing and procurement support to construction management).
- Reduced capacity for facility maintenance, particularly impacting roof maintenance, thereby increasing the potential for higher repair costs and/or increasing deferred maintenance.

Administrative

- Reduced ability to manage and implement technology improvements benefiting the department and City.
- Reduced level of Central Services mailing and printing support.
- Reduced ability to continue department organizational improvements, C2C = WOWI initiatives, etc.
- Reduced capacity to provide procurement support on a city-wide basis.

Human Resources

FY2007/08 General Fund FTE	36.00
FY2007/08 General Fund Budget	\$4,565,000
Less Reimbursements	(\$1,191,000)
Less Revenues	(\$154,000)
FY2007/08 Net General Fund Budget	\$3,220,000
20% Reduction Target	\$644,000

FY2008/09 20% Budget Reduction Summary

Labor	Service and Supplies	Revenues	Offset Increase	Total Savings	FTE
\$ 342,274	\$ 301,726	\$ 0	\$ 0	\$ 644,000	4.00

Programmatic Impact Summaries:

Labor

- Employment and Classification - Elimination of Personnel Technician position- The elimination of this position will result in an immediate decrease in the level of service the department can provide. The loss will severely impede and encumber our ability to assist the current City employees being laid-off. We will have fewer resources to help those city employees make the successful transition to other City departments, or if need be, the external labor market. For the departments that are granted approval to fill their vacancies, it will hinder our ability to recruit, test, certify and hire employees with any kind of efficiency or expediency. This position is critical to the overall function of HR.
- Employment and Classification- Elimination of Staff Assistant position- Will cause a slow down in processing for this division- Customer service will be severely impacted- Ability to provide departments, employees and applicants with timely hiring, testing and placement requests.
- Inclusion Council- Elimination of Organizational Development Specialist - Responsible for coordinating the Inclusion Council, reduction in Inclusion training to city employees.
- Administration- Elimination of Training Specialist position- Position is assigned to eCAPS Competency Center- coordination and development of on-going training and outreach will be effected.

Supplies and Services

- Reduction of Recruitment Expenses in Employment and Classification will result in limiting participation in diversity recruitment and job fairs and limit resources overall to city departments.
- Various reductions to object codes in the HR department will result in HR's inability to provide services at a level that has become expected
- City University: A reduction in City University courses provided to city employees, reduction in course material
- Computer hardware/ Software/ Consultant and food eliminated for City University. Will preclude HR's ability to replace or upgrade existing computers in the City University Labs. Will result in longer waiting list for training
- C2C Conference: Elimination of the C2C conference, will slow the momentum of integrating C2C throughout the City's culture
- City Management Institute: Reduction in specialized instructors for the City Management Institute, will impact the City's Succession Planning preparedness strategies
- Exempt Management meetings: Will have reduction in guest speakers for the Exempt Management meetings, will impact the richness of this programming at these meetings
- Wellness Expo: Reduction in services provided at the Wellness Expo, will affect employees morale and health in these difficult times.

Information Technology

FY2007/08 General Fund FTE	73.00
FY2007/08 General Fund Budget	\$12,060,000
Less Reimbursements	(\$2,997)
Less Revenues	(\$0)
FY2007/08 Net General Fund Budget	\$9,063,000
20% Reduction Target	\$1,812,600

FY2008/09 20% Budget Reduction Summary

Labor	Service and Supplies	Revenues	Offset Increase	Total Savings	FTE
\$767,970	\$1,044,671	\$0	\$0	\$1,812,641	8.00

Programmatic Impact Summaries:

Mainframe Support Costs

- No impact if the decommission of the mainframe happens within this FY 2008/9. Systems remaining on the mainframe manage the collection of \$22 million in annual revenue. If mainframe is not decommissioned the savings will not be realized as all associated mainframe software components are vital to continue its operation with the exception of CGI/AMS Mainframe Software that supports City's financial and payroll system (\$111,810.27).

Telecommunication Billing

- The loss of a position will delay Citywide telecommunication billing and departmental chargeback functions, and vendor payment processing.

Website Support

- Central Website Support such as the home pages, content management, content changes would be reduced from 3 positions to 2. This would result in less frequent updates, limited upgrades and redesign and no added functionality. Customer service and subsequently overall City staff productivity would be impacted by this reduction.

Telecommunication Systems

- Phone Services - Legacy Phone Services (Centrex / ISDN / Measured Business Lines) will need to be supported directly by the departments using the service. This will impact Police & Fire as they are the largest remaining users of legacy phone services in the city.
- Cellular phone billing and support will be done by dept. cellular liaison and no longer supported by IT.

New Data Tape Backup Solution

- Current Data Tape Backup solution (Arcserve) is not right for the City's needs. There are many errors that cause failures in backing up data and extended time for resources to troubleshoot. A new solution is needed, but will not be put in for now. The City will live with the current backup solution and its associated problems which may result in the loss of data if a recovery is needed.

Server Hardware Replacement

- Server Life Cycle and warranty is normally 3 years and hardware is normally replaced to assure reliability. Servers have physical running parts that through best practice and experience, the City knows they become degraded and more at risk for failures after running continuously for 3 years or more. By extending server warranty an additional year, failed parts can be replaced overnight with hopefully minimal downtime.

IT Department Reorganization

- The proposed consolidation of the IT Department into the Department of General Services is related to another proposed recommendation that would establish the Citywide Systems Competency Center. The three divisions in the IT Department would be merged into the Department of General Services and the Chief Information Officer position would be eliminated.

Geographic Information Systems (GIS) Services

- The loss of a position would eliminate certain GIS services, ad hoc mapping, analysis, and data requests to internal staff and the public, production of GIS custom hardcopy maps and simple data analysis. Production of these maps has saved the City a considerable amount of money in past years. This service would no longer be provided.

Labor Relations

FY2007/08 General Fund FTE	9.00
FY2007/08 General Fund Budget	\$1,207,000
Less Reimbursements	(\$295,000)
Less Revenues	(\$65,000)
FY2007/08 Net General Fund Budget	\$847,000
20% Reduction Target	\$169,400

FY2008/09 20% Budget Reduction Summary

Labor	Service and Supplies	Revenues	Offset Increase	Total Savings	FTE
\$117,785	\$3,175	\$45,000	\$0	\$165,960	0.00

Programmatic Impact Summaries:

Negotiations

- Reduce/delay staffing for current fire negotiations
- Reduce/delay staffing and support for 2010 negotiations with all unions

Discipline

- Reduce/delay available investigations staff for complex/sensitive investigations
- Reduce/delay response time for advising, assisting and processing discipline
- Reduce/delay response time for advising, assisting and processing appeals

Grievances

- Reduce/delay response time for advising, assisting and processing grievances
- Increase use of City Attorney to process grievances to arbitration

Contract Review and Enforcement

- Reduce/delay response time for advising, assisting and processing contract issues
- Reduce/delay response time for advising, assisting and developing policy

Health Committee

- Reduce/delay response time for annual health L-M committee

Layoffs

- Reduce/delay staff time for managing staff reductions/layoffs

Library

FY2007/08 General Fund FTE	0.00
FY2007/08 General Fund Budget	\$9,481,100
Less Reimbursements	(\$)
Less Revenues	(\$)
FY2007/08 Net General Fund Budget	\$9,481,100
20% Reduction Target	\$836,269

FY2008/09 20% Budget Reduction Summary

Labor	Service and Supplies	Revenues	Offset Increase	Total Savings	FTE
\$941,500	\$300,000	\$	\$	\$1,241,500	14.00

Programmatic Impact Summaries:

FY 2008/09 Library Budget Deficit - City Fund

- Reduction in Revenues - City: \$836,269; State and other funding: \$100,000
- Increase in Expenses - Labor cost increase - \$320,000
- Total budget deficit - \$1.25M

Branch Hour Reductions - 7 Branches cut hours from 43 hours, 6 day service to 35 hours, 5 day service. (18.6% reduction)

- Reduction, by 50%, to teen, children's and adult programs
- Closures of the service desks
- Longer queues for service
- Librarians, lib. service assts. eliminated—staff cut by an aver. of 23.5%.
- Reduction of 10.5 FTE

Central Library Reduced Services

- Telephone information -fewer calls answered
- Service desk closures
- Slower/limited custodial services/response
- Reduction of 3.5 FTE

Reduced Library-Wide Technology Support

- Elimination of new technology program implementation
- Reduction of 1.0 FTE Emerging Technology Specialist

Administrative Support Reductions

- **Training** - Reduction of comprehensive system-wide training and career development; elimination of 1 FTE Training Supervisor
- **Safety** - Elimination of safety/security inspections/training/oversight; increased potential liability issues; elimination of 1 FTE Safety Coordinator;
- **Finance** - Reduction in support for finance/budget operations; elimination of 1 FTE Budget Analyst.
- **IT** - Reduction in support for maintenance of mission critical software: elimination of 1 FTE Database Administrator: 1

Mayor & City Council

FY2007/08 General Fund FTE	29.00
FY2007/08 General Fund Budget	\$3,468,000
Less Reimbursements	(\$637,000)
Less Revenues	(\$40,000)
FY2007/08 Net General Fund Budget	\$2,791,000
20% Reduction Target	\$558,200

FY2008/09 20% Budget Reduction Summary

	Service and Supplies	Revenues	Offset Increase	Total Savings	FTE
Labor	\$141,100	\$125,000	\$0	\$394,805	0.00

Programmatic Impact Summaries:

Mayor's Office

- Holding this position vacant may reduce the amount of community outreach events and meetings previously handled by this position. There will also be less resources available to support the Mayor's Office

Operations Budget Reduction in Support of Mayor/Council Office

- These are a variety of cuts that would reduce expenses for official hospitality for community events and foreign delegations as well as a reduction of travel, mailings and printing by Council Members and Mayor.

Additional Revenue

- The budget incorrectly reflected lower anticipated revenue (reimbursements) than what is actually received annually from various boards and commissions for meetings attended by various Council Members and the Mayor. This adjusts the revenue to the correct figure.

Discretionary Funds

- The Mayor and individual Council Members will have \$10,000 less in discretionary funds that are mainly used for community projects, events and sponsorships. This reduction would amount to fewer of these types of projects and events being funded by the City Council and Mayor.

Neighborhood Services

FY2007/08 General Fund FTE	15.00
FY2007/08 General Fund Budget	\$1,502,000
Less Reimbursements	(\$0)
Less Revenues	(\$0)
FY2007/08 Net General Fund Budget	\$1,502,000
20% Reduction Target	\$300,400

FY2008/09 20% Budget Reduction Summary

	Service and Supplies	Revenues	Offset Increase	Total Savings	FTE
Labor	\$191,562	\$0	\$0	\$300,400	2.00

Programmatic Impact Summaries:

Leaving unfilled secretary position vacant

- Minimal: NSD staff continues to ensure high-quality customer service with one secretary instead of two through the use of student interns and by sharing responsibilities.

Expected FY09 S&S budget remainder

- Minimal. Business as usual.

Changing PDAs to cell phones

- Minimal. Staff will take care of e-mail and scheduling at the office. Their contacts will be informed of this change and the reason for it.

Eliminating computer consultants

- Potentially moderate. NSD staff will handle computer-related issues, such as updating and maintaining our contact database that we provide for city staff on the intranet.

Reducing spending on food

- NSD staff will work with groups to inform them of this change and will seek creative ways of providing food and drinks at community events.

Miscellaneous reductions

- Moderate, as NSD will seek additional opportunities for savings.

Reducing spending on services

- NSD will work with groups that have previously provided these services to inform them of the City's budget situation and to find alternative ways of supporting programs.

Vacate Program Specialist position

- Moderate. While NSD will make every effort to continue providing high-quality customer services and in initiating and maintaining programs, reducing staff will make it more challenging.

10% analysts' furlough

- NSD will focus on essential programs and ensure continued high-quality customer service for our customers. Including the Mayor and Council, community groups, businesses, and individual members of the public.

Parks and Recreation

FY2007/08 General Fund FTE	561.46
FY2007/08 General Fund Budget	\$37,810,000
Less Reimbursements	(\$9,193,000)
Less Revenues	(\$872,000)
FY2007/08 Net General Fund Budget	\$27,745,000
20% Reduction Target	\$5,549,000

FY2008/09 20% Budget Reduction Summary

	Service and Supplies	Revenues	Offset Increase	Total Savings	FTE	
Labor	\$3,165,861	\$1,719,031	\$228,750	\$431,900	\$5,545,542	49.16

Programmatic Impact Summaries:

Park Operations

- Impacts to turf and sports fields including lengthening mowing cycles, reducing weed abatement, watering schedule; small reduction in garbage pick up and restroom cleaning schedule, and eliminate sports field reseeding and rehabilitation (unless through volunteer efforts)
- Additional annual reductions necessary due to rising water and energy costs
- Reduction in general park repair and rehabilitation including irrigation systems, backstops, park furnishings
- Cancel contract with Sacramento Local Conservation Corps for Sacramento Northern Bikerail Maintenance; absorb with City staff and reduce service level
- Reduce contract with Sacramento County Sheriff for oversight of citizens performing community service work in parks and open spaces by 50%; such services will therefore be reduced
- Eliminate supply of dog waste bags (receptacles remain and request dog owners donate bags)
- Eliminate park pond algae treatments

Park Planning and Development

- Planning underway to extend development of new parks into Fiscal Year 2010 instead of Fiscal Year 2009.
- Reduced Advance Park, Trail and Open Space Planning services.
- Where appropriate, transfer additional labor cost from General Fund operating budget to Parks and Recreation Capital Improvement Projects. Small impact citywide to projects.

Youth Services

- Establish a citywide field use fee for youth sports at a minimum of \$1.00 per hour
- To the degree possible, shift additional core programs to grant funded sources
- Reduce oversight of School Crossing Guard program. Discuss transfer of program to school districts where possible.
- Increase fees for core sports, enrichment and dance programs – General Fund will continue to provide some subsidy
- Eliminate all five free youth activity summer camps for 85 youth at River Court, American River Village, Colonial Park, Dos Rios, and McClatchy Park; referrals to be made to other programs
- Eliminate staff support for Teen programs at Evelyn Moore, Robertson, Oak Park, Pannell, Sim and Mims Hagginwood Centers

- Reduce transportation services by eliminating all three City-owned buses; staff will rent vehicles as budget allows
- Eliminate sport programs at Martin Luther King, Jr., Evelyn Moore, and Rio Tierra Middle Schools (six sites remain) and apply for State funding to reinstate
- Eliminate middle school aged sports program support to Community Centers
- Reduce support to after school programs at high schools including instructors and supplies

Older Adults

- Close Elder Craftsman Store in Old Sacramento (refer seniors to other consignment opportunities)
- Close Hart Senior Center two or more evenings each week; reduce custodial and program services
- Eliminate core ceramic classes for seniors at Pannell, Robertson and Johnson Centers; South Natomas Center already closed; new ceramics fee for service class to be established at Hart Senior Center
- Eliminate 50+ wellness printed newsletter

Aquatics and Community Centers

- Increase the recreation swim fee, swim teams and swim lessons
- Eliminate "Cool in the Pool" after hours program for days over 100 degrees; reduce swim season by 3 – 7 days; close Clunie and Pannell Meadowview pools at 5:00 p.m.
- Close Kennedy, Johnson, and Grant High School Pools. Natomas Pool to remain open (higher attendance, no other facility in the area)
- Increase Community Center room rental fees and computer labs
- Reduce program and custodial services at Centers. Additional annual reductions necessary in Aquatics and Centers due to rising energy costs and pool chemical costs.
- Expanding Community Centers through grants and Community Reinvestment bond funds will cause further service level reductions in order to provide minimal staffing, utilities, and supplies

Special Event Services

- Reduce services and equipment to both internal and external customers

Park Safety Services

- In response to Council direction, increase park use fees to fund one additional Park Safety Officer

Access Leisure

- Increase fees; reduce services to all age groups

Grants to Community Based Organizations

- Fully eliminate grants to Hunger Coalition (through Community Services Planning Council), Sacramento Mediation Center, Stanford Settlement and Colonial Park Recreation Effort (CARE). Reduce grants to Area 4 Agency on Aging, Catholic Social Services, Roberts Family Development Center and Phoenix Park (Sac Housing and Redevelopment Agency)

Resource Development and Grants

- Reduce ability to secure outside resources and partnerships

Public Outreach and Customer Services

- Reduce marketing efforts, materials, and postpone continued roll-out of on-line credit card services for fee based programs

Planning

FY2007/08 General Fund FTE	33.00
FY2007/08 General Fund Budget	\$4,331,000
Less Reimbursements	(\$1,152,000)
Less Revenues	(\$136,000)
FY2007/08 Net General Fund Budget	\$3,043,000
20% Reduction Target	\$608,600

FY2008/09 20% Budget Reduction Summary

Labor	Service and Supplies	Revenues	Offset Increase	Total Savings	FTE
\$203,817	\$147,067	\$0	\$257,760	\$608,644	1.00

Programmatic Impact Summaries:

Elimination of Customer Service Specialist - Offset by ¼ support of PRD nonfunded BAP for 3rd Floor Receptionist

- Minimal at this time as the current administrative needs are not being addressed by the Customer Service Specialist job description

Holding Open Senior Engineer Vacancy

- The Street Lighting Program will not occur. Special District work that would have been completed by this position will be redirected to other Public Improvement Financing Staff. Due to these adjustments there will be limited capacity for work on advance planning such as Financing Plans, formation of special districts, outreach to developers as part of economic development, implementing and maximizing impact fees and other financing techniques

Voluntary Staff Furloughs

- Minimal as adjustments will be made and other staff will pick up the workload

General Plan Budget Reimbursement

- By use of these funds as General Plan staff time reimbursement there will not be funds to reprogram for other General Plan needs that may arise before the completion of the project in December 2008

CDBG reimbursement for Ben Ali & Hagginwood Neighborhood Planning

- Use of our staff rather than a consultant to draft a much needed plan funded by grant funding rather than the General Fund

Associate Planner work on North Natomas

- Use of our staff rather than a consultant to perform Absorption Studies and Valuation Studies. The General Fund is reimbursed for the staff time by the North Natomas Fee Program

Increase in PIF Reimbursables

- A refocus from establishing CFD's to monitoring of CFD's

Police

FY2007/08 General Fund FTE	1,271.86
FY2007/08 General Fund Budget	\$142,331,000
Less Reimbursements	(\$12,195,000)
Less Revenues	(\$3,767,000)
FY2007/08 Net General Fund Budget	\$126,369,000
20% Reduction Target	\$25,273,800

FY2008/09 20% Budget Reduction Summary

	Service and Supplies	Revenues	Offset Increase	Total Savings	FTE
Labor					
\$25,304,965	\$0	\$0	\$0	\$25,304,965	265-295

Programmatic Impact Summaries:

Patrol Operations

- Delays in timely response to calls for service, particularly for property crimes, will be very significant. Response to some call types will be eliminated.
- Spans of control for supervisors and managers will increase in some instances, but supervision of patrol staff will remain at current levels.

Investigations Division

- There will be a reduction in the number of reported crimes where follow-up investigation occurs, for Property crimes this will be less than the current 14% of crimes investigated. Very significant reductions in customer service are anticipated.

Utilities

FY2007/08 General Fund FTE	0.00
FY2007/08 General Fund Budget	\$0
Less Reimbursements	\$84,000
Less Revenues	(\$0)
FY2007/08 Net General Fund Budget	\$84,000
20% Reduction Target	\$16,800

FY2008/09 20% Budget Reduction Summary

Labor	Service and Supplies	Revenues	Offset Increase	Total Savings	FTE
\$0	\$0	\$0	\$16,800	\$16,800	0.00

Programmatic Impact Summaries:

Backflow Device Program

- The purpose of the program is to ensure that the backflow prevention devices on incoming water lines are functioning so that any possibly contaminated water does not leach back into the water distribution system. The program is in place to ensure the safety of the water distribution system and cannot be curtailed. Therefore, inspections, testing, and requisite replacement will continue until the cost reimbursement cap is reached. Under provisions of Proposition 218, water services cannot be provided without compensation. Therefore, it is possible that some backflow prevention devices will not be inspected as required by law; and General Fund facilities may not be in compliance with the State health and safety code.

Wrap/Next Steps

Next Steps

1. Prepare for Budget Hearings in May and June (calendar attached)
2. Community Meetings (schedule attached)
3. Fees and Charges Report, March 25th
4. Proposed Budget, May 1st

**PROPOSED FY2008/09 BUDGET - CITY COUNCIL HEARING SCHEDULE
(TENTATIVE AS OF MARCH 11, 2008)**

Date	Afternoon Meeting	Evening Meeting
Tuesday, May 6	FY2008/09 Proposed Operating and CIP Budget Overview	Budget Hearing
Thursday, May 8		Budget Hearing Hold for Hearing if Necessary
Tuesday, May 13	Budget Hearing	Budget Hearing
Thursday, May 15		Budget Hearing Hold for Hearing if Necessary
Tuesday, May 20	Budget Hearing	Budget Hearing
Thursday, May 22		Budget Hearing Hold for Hearing if Necessary
Tuesday, May 27	Budget Hearing	Budget Hearing
Thursday, May 29		Budget Hearing Hold for Hearing if Necessary
Tuesday, June 3	Election Day No Hearing	Election Day No Hearing
Thursday, June 5		Budget Hearing Hold for Hearing if Necessary
Tuesday, June 10	Budget Hearing	Budget Hearing
Thursday, June 12		Budget Hearing Hold for Hearing if Necessary
Tuesday, June 17	Budget Hearing	Budget Hearing
Thursday, June 19		Budget Adoption
Tuesday, June 24	Budget Hearing Hold for Hearing if Necessary	



The City of Sacramento Invites You to

Community Meetings to Discuss the City Budget

The City of Sacramento, like the rest of the nation, has been impacted by the economic downturn. As a result, the City is facing a deficit of at least \$55 million in the coming fiscal year.

In order to keep our community informed on the City's budget situation, a series of community meetings have been scheduled during the month of March. The purpose of the meetings is to provide background regarding the City's budget, what the City is doing to address the deficit, the potential impacts to City services and answer your questions.

Currently Scheduled Meetings:

Thursday, March 6, 2008 7 pm – 9 pm	Sierra 2 Community Center 2791 24 th Street, 95818
Monday, March 10, 2008 6:30 pm – 8:30 pm	Robertson Community Center 3525 Norwood Avenue, 95838
Wednesday, March 12, 2008 7 pm – 9 pm	Pannell Meadowview Community Center 2450 Meadowview Road, 95832
Monday, March 17, 2008 6 pm – 9 pm	Macleod Hart Senior Center 915 27 th Street, 95816
Thursday, March 20, 2008 6 pm – 9 pm	John F. Kennedy High School 6715 Gloria Drive, 95831
Wednesday, March 26, 2008 6 pm – 9 pm	So. Natomas Community Center 2921 Truxel Road, 95833
Thursday, March 27, 2008 7 pm – 9 pm	Coloma Community Center 4623 T Street, 95819

Please note that more meetings may be added or dates and locations could change. For schedule updates or to view the budget information online and provide comments, please check the City's website at www.cityofsacramento.org

Updated 2-29-08