



## REPORT TO COUNCIL City of Sacramento

915 I Street, Sacramento, CA 95814-2604  
www.CityofSacramento.org

**PUBLIC HEARING**  
**May 6, 2008**

Honorable Mayor and  
Members of the City Council

**Title:** Fiscal Year 2008/09 Proposed Operating Budget Overview

**Location/Council District:** Citywide (All)

**Recommendation:** Conduct the Budget Hearing for the Fiscal Year 2008/09 Operating and Capital Budgets.

**Contact:** Leyne Milstein, 808-8491

**Presenters:** Marty Hanneman, Assistant City Manager; Russell Fehr, Finance Director; Leyne Milstein, Budget Manager

**Department:** City Manager's Office, Department of Finance

**Division:** Budget, Policy and Strategic Planning

**Organization No:** 0310/1140

### **Description/Analysis:**

**Issue:** City Charter, Article IX, Section 111 requires the City Manager to deliver budget recommendations to the Mayor and City Council no later than 60 days prior to the start of the new fiscal year. The FY2008/09 Proposed Operating and Capital Improvement Program Budget documents were delivered to the Mayor and City Council on May 1, 2008. This report provides an overview of the FY2008/09 Proposed Budget.

A series of public hearings and special reports will be heard by City Council during May and June, with final adoption of the Approved FY2008/09 Operating and Capital Improvement Budgets scheduled for June 17, 2008. A tentative hearing schedule is included as Attachment 1 (page 4).

**Policy Considerations:** The Proposed Budget was developed in the context of the Mayor and Council's adopted Strategic Planning-Strategic budgeting model. To address an estimated General Fund deficit of \$58 million for FY2008/09, the Council provided policy direction in Council hearings in December 2007 and January 2008 and at a Budget Workshop held in March 2008. Under the Proposed Budget, reflective of the Council's direction, public safety and core services remain a high priority. Police and Fire Department budgets were reduced by approximately 8%; all other department operating budgets were reduced by 20%. City contributions to partner agencies and other organizations have also been reduced. Overall, these reductions will likely result in numerous service level impacts, including increased response and processing time, reduced maintenance and program reductions citywide.

**Environmental Considerations:** This report concerns administrative activities that will not have any significant effect on the environment, and that do not constitute a "project" as defined by the California Environmental Quality Act (CEQA) [CEQA Guidelines Sections 15061(b)(3); 15378(b)(2)].

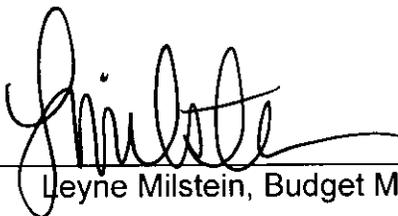
**Rationale for Recommendation:** The severe economic downturn impacting the nation, State and City require that significant budget, staffing and service level reductions be put in place in order to return the General Fund budget to sustainability.

**Financial Considerations:** The FY2008/09 Proposed Budget totals \$964.3 million from all funding sources. Proposed staffing for FY2008/09 includes 5,294 full time equivalent (FTE) positions citywide including 3,943 FTE authorized positions included in the General Fund, with 338 of those FTE proposed to be unfunded.

The General Fund portion of the Proposed Budget is \$420.3 million. The General Fund deficit was estimated to be \$58 million for FY2008/09, with a cumulative total of over \$200 million over the next five years. To address this gap, the Proposed Budget reduces expenses by \$35.1 million, includes the addition of \$3.7 million in new revenues and includes \$20 million in one-time resources. While the Proposed Budget is balanced, through a combination of ongoing measures and one-time funding, the use of one-time resources to bridge the gap between revenues and expenditures defers, but does not eliminate the need to make cost reductions. As such, in future years these reductions will be deeper and more difficult since many of the non-essential services are already proposed to be eliminated in FY2008/09.

#### **Emerging Small Business Development (ESBD):**

None.

Respectfully Submitted by:   
Leyne Milstein, Budget Manager

Approved by:   
Russell Fehr, Finance Director

Recommendation Approved:

  
for Ray Kerridge  
City Manager

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**PROPOSED FY2008/09 BUDGET - CITY COUNCIL HEARING SCHEDULE  
(TENTATIVE AS OF APRIL 22, 2008)**

Date	Afternoon Meeting	Evening Meeting
Tuesday, May 6	<b>FY2008/09 Budget Kickoff</b> Proposed Budget Overview	
Tuesday, May 13	<b>Budget Hearing</b> Support Departments (HR, LR, Finance, IT) Transportation	<b>Budget Hearing</b> Development Services Economic Development
Thursday, May 15		<b>Budget Hearing</b> Hold for Hearing if Necessary
Tuesday, May 20	<b>Budget Hearing</b> Code Enforcement General Services Reports Back if Necessary	<b>Budget Hearing</b> Planning Reports Back if Necessary
Tuesday, May 27	<b>Budget Hearing</b> Neighborhood Services Non-Department (JPAs) CIP Overview Reports Back if Necessary	<b>Budget Hearing</b> Convention, Culture and Leisure Library Reports Back if Necessary
Thursday, May 29		<b>Budget Hearing</b> Hold for Hearing if Necessary
Tuesday, June 3	<b>Election Day</b> No Hearing	<b>Election Day</b> No Hearing
Thursday, June 5		<b>Budget Hearing</b> Fire Department Police Department Reports Back if Necessary
Tuesday, June 10	<b>Budget Hearing</b> Parks and Recreation Reports Back if Necessary	<b>Budget Hearing</b> Utilities – Operating Budget, CIP and Rate Hearing Reports Back if Necessary
Thursday, June 12		<b>Budget Hearing</b> Hold for Hearing if Necessary
Tuesday, June 17	<b>Budget Hearing</b> Reports Back if Necessary	<b>Budget Hearing</b> Reports Back – Budget Adoption
Thursday, June 19		<b>Hold for Budget Adoption</b> if Necessary
Tuesday, June 24	<b>Budget Hearing</b> Hold for Hearing if Necessary	

**Presentation to Be Delivered**