



REPORT TO COUNCIL City of Sacramento

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PUBLIC HEARING
June 10, 2008

**Honorable Mayor and
Members of the City Council**

Title: FY2008/09 Proposed Budget and 2008-2013 Proposed Capital Improvement Program (CIP): Changes and Technical Adjustments and Reports Back

Location/Council District: Citywide (All)

Recommendation: Approve an intent motion to implement changes and technical adjustments to the FY2008/09 Proposed Operating and CIP Budgets.

Contact: Leyne Milstein, Budget Manager, 808-8491

Presenter: Leyne Milstein

Department: Finance

Division: Budget, Policy & Strategic Planning

Organization No: 1140

Description/Analysis:

Issue: This report provides information as requested by the City Council on items discussed during budget hearings, identifies additional adjustments necessary to implement the FY2008/09 budget since publication in May 2008, includes an update on efforts to "grow our business," and an overview of future fiscal considerations.

Reports Back – During Budget Hearings the Council requested additional information on several items. Answers to many of these questions were provided at the department's specific budget hearing. The remaining reports back are included as Attachment 1, with the exception of the Library, Police, and Fire which will return to Council with separate reports.

Technical Adjustments – Since submittal of the Proposed Budget and CIP, staff have identified various technical budget adjustments that are necessary to effectively implement the FY2008/09 Proposed Budget. Many of these technical budget adjustments were detailed in department's specific budget hearing. The remaining adjustments are detailed in Attachment 2.

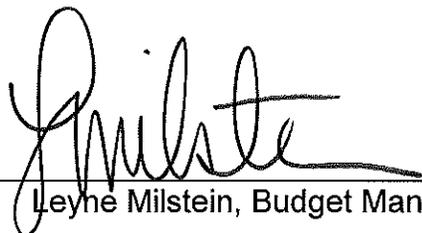
Policy Considerations: Policy considerations associated with the issues discussed in this report are referred to and discussed in the corresponding attachments. In all cases, recommendations are consistent with the City Council's Strategic Planning – Strategic Budgeting process.

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 rationale for the recommendations related to the issues identified, are discussed in the corresponding attachments.

Financial Considerations: The recommended adjustments contained in this report are necessary to properly implement the proposed operating budget and will have a minimal impact on fund balances. Given the current condition of the General Fund, none of the recommendations result in additional General Fund expenditures. Detailed descriptions of the financial considerations associated with these recommendations are provided in the corresponding attachments.

Emerging Small Business Development (ESBD): None.

Respectfully Submitted by: 
Leyne Milstein, Budget Manager

Approved by: 
Marty Hanneman, Assistant City Manager

Recommendation Approved:


for Ray Kerridge
City Manager

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ATTACHMENT 1

REPORTS BACK

1. **Finance** – Position Reductions – High Level versus Low Level

Response: Exempt Management positions make up 11.6% of the total number of proposed unfunded positions. This percentage is consistent with the existing ratio of Exempt Management positions.

	Unfunded FTE	Total FTE
All Other Classifications	298.65	4,686.25
Exempt Management Classifications	39.00	608.00
Total	337.65	5,294.25
Percentage of Exempt Management	11.6%	11.5%

2. **Human Resources** – Volunteers – What opportunities exist to utilize their help?

Response: Currently departments utilize approximately 300,000 hours of volunteer service annually. Volunteers assist in many ways including walking dogs and socializing cats at the animal shelter, assisting elderly with memory loss in the Triple R elder daycare program and helping to support recreational activities in START and 4th R after-school programs to name a few. Departments are looking to create additional programs based on national and local models and forming new collaborative partnerships with allied non-profits groups and neighborhood residents and associations as well as corporations and businesses.

Fire Department - Fire Corps:

The Fire Department is looking at implementing a new initiative within the Citizen Corps suite of programs. This will be the Fire Corps and a new effort to complement the very successful CERT (Community Emergency Response Team) program. The department is currently looking for funding and if it is secured will implement the Fire Corps to provide a variety of levels of support. It is hoped that the Fire Corps will develop to fill the vital role of public education. The Fire Corps would help to educate the public by making presentations at school assemblies, and providing outreach efforts at community events to promote fire safety.

Transportation – Opt to Adopt, Maintain a Lane:

This initiative from the Streets Division of the Department of Transportation will coordinate ongoing cleanups along adopted streets by designated groups. The groups will be solicited from the public with special emphasis on groups from the neighborhoods around the specific street. The groups will agree to lead periodic clean-ups to keep areas

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litter free. Groups can be organizations such as Boy Scout troops, garden and environmental clubs, school groups as well as business and corporate partners.

General Services – Animal Care Services:

Animal Care Services, a Division of the Department of General Services, will open a new cattery in the next fiscal year. Due to budget restrictions no new staff will be hired. An alliance is being explored with a local non-profit to allow them to take an active role in operating the new cattery with responsibilities for feeding, watering, and cleaning. A full-time Animal Care Technician will be available to make certain health and safety protocols are being followed and the Volunteer Coordinator will have an office in the cattery to provide volunteers with direct supervision. This is an opportunity for forming an alliance with a respected community group to ensure these cats are well maintained and find good homes.

Parks and Recreation - Partners in Parks:

The Parks Operations Division is developing a pilot Partners in Parks program with plans to grow it city-wide. Residents who live near a park or frequently visit their neighborhood park can help Park staff by adopting a playground, playfield, landscape, garden, or section of large park, preserve, or trail, and perform routine or special stewardship activities. Partners in Parks volunteers can be valued contributors in the effort to keep our parks clean, safe, and beautiful. Volunteer duties may include beautification efforts, being an extra set of eyes on the park to report any suspicious activity and potential safety or enjoyment concerns and may also help to care for park amenities and remove litter. The Parks Operations Division is continuing to develop the program and plans to report to Council in detail at a later date.

3. Economic Development – Strategy for increasing property and sales tax for the next two years.

Response: Our Strategy is to continue to implement the Strategic Plan initiatives for Business retention first, expansion second and attraction third.

To focus on projects Downtown, Citywide and Opportunity Corridor projects that generate job-payroll, real property and personal property tax and civic re-investment, i.e., J,K &L, Westfield, Arden Fair, Automobile retention, manufacture expansion and new business start-ups.

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4. **Economic Development** – Clarify the difference between General Fund and Tax increment (TI) dollars (citywide versus downtown funding).

Response: The General Fund contribution to the Economic Development Department is \$5.132 million. The General Fund contribution is offset by \$2.142 in funding from the Tax Increment (TI), thus leaving a balance of \$2,906,536 from the General fund.

5. **Economic Development** – Provide a list of partnership/non-profit reductions.

Response: Reductions will be 20% for all non-profits funded on an annual basis; Federal Technology Center (FTC), Metro Chamber, Northern California World Trade Center, Sac Regional Marketing Council, SACTO, SARTA and Team California.

6. **Economic Development** – Provide more detail on reductions to consulting services.

Response: Professional Services consulting will be reduced for; production of mechanical art work for advertising as advertising is reduced for the year, for GIS services as projects are shift to Long Range Planning GIS, and consulting services for real estate analysis. Professional services for Redevelopment areas covered by a CIP account will not be affected by budget reductions.

7. **Economic Development** – What are the benefits of the City's involvement in the International Conference of Shopping Centers (ICSC)?

Response: To assist in reporting our efforts from ICSC, below are some bullet points of our efforts / accomplishments:

- Spoke with 112 businesses (opportunities as a result of having a City booth)
- Qualified 33 of the 112 business contacts:
 - Following up with 33 of those businesses, including:
 - John's Incredible Pizza
 - The Lab
 - Sywest Development (49er Drive-in on Marysville Blvd)
 - Riverside Plaza (senior housing development)
 - Sunflower Farmer's Market (former creators of Wild Oats Market)

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- Jones Lang LaSalle (inquired about Railyard/River Dist.)
- Uptown Development (infill mixed use)
- O'Malley Commercial (marina development opportunities)

Had appointments with:

- Fred Meyer
- Auto Groups
- Trader Joe's
- Walgreens
- Forest City
- Cordish Development
- Fite Development

Met with hotel groups:

- Hilton
- Starwood
- InterContinental Hotels Group
- Hyatt

8. **City Manager / Finance** – What are the options, pros/cons of unfunding versus eliminating positions?

Response: Increases and decreases in staffing (full time equivalents – FTE) as provided for in the Adopted Budget Resolution must be authorized by the City Council. The strategy for implementing budget reductions related to FTE included in the Proposed FY2008/09 Budget distinguishes between “funded” and “unfunded” FTE.

Unfunding or eliminating FTE both result in the same level of salary savings, as unfunded positions must remain vacant until funding is identified and approved by the City Council. In addition, because the identification of unfunded positions was completed at a specific point in time in order to reach targeted savings as part of the budget process, unfunding versus eliminating positions allows greater flexibility for the operational departments to meet changing demands. This is accomplished by allowing the departments to substitute a vacant funded position for an unfunded position in order to meet an operational demand or address an operational efficiency provided that there is a net zero impact on the General Fund. Since the City's new HR/payroll system, eCAPS, will not allow an unfunded position to be filled; any new FTE expenses must be explicitly approved by the City Council. This will provide flexibility for all departments citywide.

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As such, the City Manager is recommending the addition of the following language to the FY2008/09 Budget Resolution to provide this flexibility:

- 5.9 The City Manager is authorized to substitute unfunded positions within a department for alternate vacant positions in order to address operational needs within the department's approved budget.

9. **General Services** – Is the City benchmarking energy and fuel usage within the City, encouraging the use of alternate modes of transportation such as carpooling and walking to staff meetings, and considering budget reduction targets tied to reductions in energy and fuel usage?

Response: On October 23, 2007, City Council adopted Resolution No. 2007-771 approving a new comprehensive Fleet Sustainability Policy, and on December 18, 2007, City Council adopted Resolution No. 2007-944 approving the Sustainability Master Plan. These documents identify goals to improve energy independence by significantly reducing the use of fossil fuels and improving the energy efficiency of the City's infrastructure. Although no specific budget reduction targets are included in these documents, the Department of General Services FY2008/09 proposed budget includes a \$100,000 services and supplies reduction to be achieved by keeping City multi-tenant buildings two degrees warmer in the spring and summer, and two degrees cooler in the fall and winter.

The Sustainability Master Plan includes a long-term target to reduce energy consumption by the year 2030 by 25 percent from the baseline year of 2005. Examples of specific actions in place for 2008 to move toward achieving this long-term target include:

- Installing lighting retrofits at the Capitol and Downtown Central Garages
- Issuing a Request for Qualifications to Performance Contractors that specialize in implementing energy efficiency projects in facilities
- Pursuing Leadership in Energy and Environmental Design (LEED) certifications in seven City facilities

The majority of the City's electrical and natural gas usage is centered in four types of infrastructure: buildings; water pumps; street lights; and traffic signals. The following tables provide information on citywide energy usage and cost.

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Electricity						
	CY2005		CY2006		CY2007	
	kWh	Cost	kWh	Cost	kWh	Cost
Water Pumps	48,883	\$5,114	48,881	\$5,376	48,725	\$5,109
Buildings	45,755	\$4,573	45,673	\$4,600	43,615	\$4,581
Street Lights	21,736	\$1,558	22,254	\$1,629	22,400	\$1,650
Traffic Signals	4,017	\$302	3,650	\$283	3,260	\$267
Total	120,391	\$11,547	120,458	\$11,888	118,000	\$11,607

kWh = kilowatt per hour
 Dollars and kWh in thousands

Natural Gas						
	CY2005		CY2006		CY2007	
	MCF	Cost	MCF	Cost	MCF	Cost
Water Pumps	19,732	\$233,936	35,932	\$360,282	31,102	\$340,328
Buildings	76,513	\$932,491	76,556	\$940,621	76,335	\$841,989
Total	96,245	\$1,166,427	112,488	\$1,300,903	107,437	\$1,182,317

MCF = thousands of cubic feet

The Fleet Sustainability Policy includes a goal to reduce fuel consumption by the year 2010 by 15 percent from the baseline year of 2003. The Fleet Sustainability Policy and the 2008 Sustainability Implementation Plan include the following actions to achieve this goal:

- Reduce the number of miles driven by decentralizing City operations
- Promote reduced idling, trip reduction, routing for efficiency, and the use of public transportation, carpooling, and alternate modes of transportation to operating departments within the City of Sacramento
- 25 percent of all new light duty fleet vehicles purchased in 2008 will be flexible fuel, hybrid, electric, or fuel cell vehicles

The following table provides information on citywide fuel consumption and progress toward meeting the target reduction goal.

	FY2004/05	FY2005/06	FY2006/07
2010 reduction goal*	1,940,814	1,978,499	2,070,071
Fuel consumption	2,090,404	2,157,795	2,162,524
Difference	149,590	179,296	92,453
Variance from goal	8%	9%	4%

*Adjusted for vehicle growth in the fleet.

ATTACHMENT 2

**FY2008/09 PROPOSED BUDGET AND 2008-2013 CIP
SUMMARY OF CHANGES AND TECHNICAL ADJUSTMENTS**

FY2008/09 OPERATING BUDGET ADJUSTMENTS

Department	Fund	Net \$ Change	Net FTE	Description
Information Technology	General (101)	-	(0.50)	Change the identified unfunded positions from 6.0 to 6.5 and change the classification of 4.0 unfunded positions as a result of approved Voluntary Separation Program (VSP) participants. The classifications of the 6.5 positions are comprised of 5.0 represented positions and 1.5 unrepresented positions.
General Services	General (101)	-	-	Transfer an Info Tech Support Specialist I from Org 3112 (Fund 101) to Org 3259 (Fund 420) and transfer Info Tech Support Specialist II from Org 3259 (Fund 420) to Org 3112 (Fund 101)
General Services	Fleet (420)	-	-	Transfer an Info Tech Support Specialist I from Org 3112 (Fund 101) to Org 3259 (Fund 420) and transfer an Info Tech Support Specialist II from Org 3259 (Fund 420) to Org 3112 (Fund 101)
Transportation	General (101)	-	-	Transfer a Special Projects Engineer from Org 3435 to Org 3491. Transfer a Street Construction Laborer from Org 3492 to Org 3495. No funding source change.
Parks and Recreation Police	General (101)	-	2.53	Increase FTE related to receipt of CalGRIPS grant. Resolution 2007-835 established revenue and expense budgets; however, the resolution did not include the augmentation of FTE to be reimbursed by the grant.

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Budget Resolution	All	-	-	Add the following language to the FY2008/09 Budget Resolution: Section 5.9: The City Manager is authorized to substitute unfunded positions within a department for alternate vacant positions in order to address operational needs within the department's approved budget.
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FY2008/09 OPERATING BUDGET - SCHEDULE 8 CHANGES

Organization	Classification	Proposed Reclassification	FTE
General Services	Replace the Equipment Maintenance Supervisor reclassification with Equipment Body Mechanic II	Fleet Management Tech	1.00
Information Technology	Remove the IT Support Specialist I reclassification from Schedule 8	not applicable	-
Transportation	Street Construction Laborer	Senior Engineer	1.00

FY2008/09 CAPITAL BUDGET ADJUSTMENTS - None