

Item No. # 29-1

“To Be Delivered” Material For **City of Sacramento** City Council **Agenda Packet**

Submitted: February 24, 2009

For the Meeting of: February 24, 2009

The attached materials were not available at the time the Agenda Packet was prepared.

Title: FY2009/10 Budget Development Workshop

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Please include this “To Be Delivered” material in your agenda packet. This material will also be published to the City’s Internet. For additional information, contact the City Clerk Department at Historic City Hall, 915 I Street, First Floor, Sacramento, CA 95814-2604, (916) 808-7200.

**FY2009/10 Supplemental Budget Information
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2/24/2009

Item	Question	Meeting	District	Department to Respond
1	Report back with a plan to free up some of the Transient Occupancy Tax revenues to the Visitors and Convention Bureau and the Metropolitan Arts Commission, and provide a history of actual, budget, and variance for 3 years.	1/20/2009	2	Finance / CCL
2	We divided the City Planning Department into 2 departments - Development Services and Long Range Planning. Each has its own department head and management ranks. Please report back on the savings we can realize by recombining these departments - especially now that the General Plan is nearing completion and development has slowed dramatically.	1/20/2009	2	City Manager
3	We have employees located in a number of buildings around the City. Please report back on all buildings the City owns or leases, what departments or divisions are housed in these buildings, how much of the building is currently in use and what portion vacant, the projected cost of maintenance and repairs to these buildings, and recommendations for moving some of the employees to the vacant spaces.	1/20/2009	2	General Services
4	There are a number of fees the City charges that do not come close to covering the actual costs. Please prepare a list of fees that do not cover the City's cost and recommendations for increasing them to do so.	1/20/2009	2	Finance
5	What is the actual revenue to the City from the Enterprise Funds in particular, how much revenue are we getting from Golf (even though it is no longer an enterprise fund) and the Marina Funds?	1/20/2009	5	Finance
6	What is the savings on the consolidation of City buildings - Wouldn't it be cheaper to move people out of buildings and into City Hall as there is some open space and look into selling some of these other buildings? Also, since these buildings are assets, how many can we sell? With the staff relocations, we need to consider the Community as well as the operational needs when relocating staff.	1/20/2009	5	General Services
7	In the space on the 3rd floor that our new Mayor now occupies, who was supposed to go in that space and was there supposed to be a savings realized from staff using that space?	1/20/2009	8	City Manager / General Services
8	The \$50m - does this have a cushion at all? When State furloughs go in place we could really lose even more revenues - have we accounted for this? What is our plan if we are off in our estimates? Do we have the appropriate cushion if we under-projected?	1/29/2009	1 / Mayor	Finance

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2/24/2009

Item	Question	Meeting	District	Department to Respond
9	Looking at 311 data we are getting - is it possible for potential cost savings based on where the work is and shifting things?	1/29/2009	Mayor	General Services
10	An independent budget analyst should be looked into? What are the benefits of internal auditors and a budget analyst looking at our books?	1/29/2009	Mayor	City Manager / Finance
11	Request that the City Manager at the 2/24 meeting bring back a long term strategy / plan for discussion.	1/29/2009	Mayor	City Manager / Finance
12	Just a few years ago, we had only one Public Information Officer for the entire City. Please report back with a plan to consolidate the PIO function in one office and the cost savings that will result from doing so.	1/20/2009	2	City Manager
13	When is the last time the City faced property tax declines similar to this?	1/29/2009	3	Finance
14	Can we get a report back on the water rates? and Can we get an update on what the impact of not doing the rate increases is?	1/29/2009	1	City Manager
15	In regards to the utility funds and the bad debt is there something we can be doing to go after this bad debt before we lose it?	1/29/2009	1	City Manager
16	We would like a report back from CMO on who the internal auditor should report to - the City Manager's Office or Council. We discussed getting more auditors in place and possibly moving this unit to the Office of the City Council - can we get an update and have a discussion on what he is working on?	1/20/2009	4 / 2	City Manager
17	(1) What City departments are currently over budget and by how much? (2) Include a history of actual, budget, and variance for 3 years; and (3) Provide a breakdown of departments that are over budget and how the money was spent. <i>Note: when possible provide information relative to what is a labor item and included in a labor agreement and what isn't.</i>	1/20/2009	2	Finance
18	By department, how many positions are filled in the City presently and how many positions were filled last year?	1/20/2009	2	Human Resources / Finance
19	We want a report back on the staff to management ratios in each City department including organizational charts with management personnel clearly identified.	1/20/2009	2	Finance / Human Resources
Pending				
Item	Question	Meeting	District	Department to Respond

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2/24/2009

Item	Question	Meeting	District	Department to Respond
	We have a JPA with the County in the Sacramento Housing & Redevelopment Agency. Please report back on the savings we can realize by withdrawing from the JPA and bringing the housing & redevelopment functions into an existing city department (Economic Development). Include a history of a history of actual, budget, and variance for 3 years.	1/20/2009	2	City Manager
	We want a report back on the staff to management ratios in each City department including organizational charts with management personnel clearly identified.	1/20/2009	2	Finance / Human Resources
	By department, how many positions are filled in the City presently and how many positions were filled last year?	1/20/2009	2	Human Resources / Finance
	For the Police and Fire staff that take home City vehicles - Do the employees use any of their own money for gas and how much would we save if the employees paid for the gas on take home vehicles?	1/20/2009	8	City Manager
	The council needs to be involved in the reprogramming/reprioritization of the CIPs	1/29/2009	2	City Treasurer / City Manager
	I think we need to look at what the President is recommending/suggesting - we need to do shared responsibility and all take a hit so we can keep as many people as possible. Can we look at some of our outsourcing to see what we can do (maybe CRCIP projects) internally by our staff?	1/29/2009	5	Planning, Development Services and Transportation
	What steps or measures are in place or consequences for departments that over-spend their budgets?	1/29/2009	Mayor	City Manager
	(1) How many fire stations do we have now vs. 1968, (2) how many FTE now vs. 1968, (3) other options for reducing fire costs, and (4) is there an opportunity to file a claim with the State of CA for fire/ambulance response and approximately how much does responding to the State cost the City on a yearly basis? Provide a report back on the ability to use pass through money from SHRA to fund brown outs and with a "long term fix" for the brown outs - what does this delay in the brown outs mean?	2/10/2009	3	Fire / City Manager's Office
	Requested a report back on promotions and process given the current layoff environment in Development Services.	2/10/2009	5	Human Resources / City Manager's Office
	Requested more information on the balance between rep and unrep layoffs in Development Services.	2/10/2009	6	Human Resources / City Manager's Office
	Would like a report back on the details of the proposed layoffs and management promotions in Development Services	2/10/2009	Mayor	Human Resources / City Manager's Office

Supplemental Budget Information – Item 14

Question:

Can we get a report back on the water rates? Can we get an update on what the impact of not doing the rate increases is?

Response:

Staff is recommending that a water rate adjustment be proposed that would be effective July 1, 2009. In December, Council closed the Water Rate hearing without increasing water rates. In accordance with State law, the Utilities department must notify all parcel owners and bill payers of a proposed rate adjustment 45 days before a rate hearing. As both Council and the Rate Advisory Commission will be holding public hearings on the proposed rate adjustment, staff is targeting to send out the proposed rate adjustments (218 notification) to residents in early April as the notice is required to be sent 45 days prior to the hearing.

While the Department of Utilities continues to find efficiencies in its operation, costs continue to rise. With no rate increase last year, City of Sacramento customers continued to pay the same rate while the costs of to provide those services continued to rise. The primary cost drivers for water service are labor, utilities, fuel and chemicals which all continue to rise anywhere from 7% to 30% per year. The increases are dictated by Council approved labor contracts and rate increases the department incurs from other entities such as SMUD and chemical companies. The impact of not approving the water rates in FY09 is that several projects in the water meter program have been delayed. Moreover, the economic recession has added an additional expense to the Water Fund in bad debt. This is projected to create an unbudgeted expenditure of approximately \$1,700,000 for FY09 and continue as an expense of at least that amount in FY10. Rate adjustment proposals for FY10 will need to address the increased costs for FY09 and FY10, as well as the deficits carried forward.

Supplemental Budget Information – Item 15

Question:

In regards to the utility funds and the bad debt is there something we can be doing to go after this bad debt before we lose it?

Response:

In FY2008/09, the Water Fund has posted approximately \$1,000,000 as bad debt. Typically, the Department of Utilities has a lien process in which a Special Assessment transfers delinquent accounts to the County Property Taxes and the City is made whole for these amounts. However, when a foreclosure occurs, the lien is generally released as the City's lien takes a junior position to the bank's deed of trust, and the delinquent amount is written-off creating bad debt expense.

Supplemental Budget Information – Item 16

Question:

We would like a report back from CMO on who the internal auditor should report to - the City Manager's Office or Council. We discussed getting more auditors in place and possibly moving this unit to the Office of the City Council - can we get an update and have a discussion on what he is working on?

Response:

The Internal Auditor presented a draft workplan to the City Council on February 17, 2009 and will present additional information at the February 24th Council meeting. The following information outlines the reporting structure of several large California cities for Council's consideration.

Top 12 CA Cities with Internal Audit Departments & Reporting Structures

Rank	City	2009 Population (in thousands)	2009 Budget (in millions)	Internal Audit Dept. Size	Reports To
1	Los Angeles	4,046	6,818	22	City Controller - Elected
2	San Diego	1,337	3,127	10	City Council
3	San Jose	989	3,278	14	City Council
4	San Francisco	825	6,531	25	Audit Controller - Elected
5	Long Beach	494	2,345	20	City Auditor - Elected
6	Fresno	489	1,160	4	Budget Manager
7	Sacramento	476	966	2	City Manager
8	Oakland	420	1,070	7	City Auditor - Elected
9	Anaheim	347	1,326	8	City Manager
10	Riverside	306	822	3	City Manager
11	Stockton	291	386	6	City Council
12	Modesto	211	319	1	City Council

Recap of Elected or Reports to:

City Council	4
Elected Controller/Auditor	4
City Manager	3
Other	1
Total	12

Supplemental Budget Information – Item 17

Question:

(1) What City Departments are currently over budget and by how much? (2) Include a history of actual, budget, and variance for 3 years; and (3) Provide a breakdown of departments that are over budget and how the money was spent.

Response:

- The FY2008/09 Midyear Report presented to the City Council on February 10, 2009 identified four departments projecting General Fund budgetary deficits totaling \$2.775 million: City Treasurer's Office (\$375,000); Development Services (\$1 million); Fire (\$300,000); and Police (\$1.1 million). Midyear actions approved by the City Council have addressed these issues.
- 2/3. The following chart provides details on departments that exceeded their general fund operating budget in the past two fiscal years, broken down by major expenditure categories (labor, services and supplies, and offsets/reimbursements). In FY2005/06 no departments exceeded their general fund operating budget. The information provided for FY2007/08 has not yet been finalized and updated information will be included in the Comprehensive Annual Financial Report (CAFR) which will be presented to the City Council in March 2009.

		Expenditure Budget	Expenditure Actuals	Expenditure Variance	Revenue Variance	Net Results
FY2007/08 (Unaudited)						
Police	Labor	126,590,855	127,224,564	(633,709)		
	Services/Supplies	13,816,380	14,493,761	(677,381)		
	Offsets/Reimbs	(9,149,848)	(9,038,229)	(111,619)		
		<u>131,257,387</u>	<u>132,680,096</u>	<u>(1,422,709)</u>	<u>835,502</u>	<u>(587,207)</u>
Fire	Labor	80,308,952	81,695,138	(1,386,186)		
	Services/Supplies	11,989,558	12,264,659	(275,101)		
	Offsets/Reimbs	(316,769)	(606,390)	289,621		
		<u>91,981,741</u>	<u>93,353,407</u>	<u>(1,371,666)</u>	<u>(599,251)</u>	<u>(1,970,917)</u>
Code Enforcement	Labor	7,700,798	7,346,658	354,140		
	Services/Supplies	1,957,086	2,060,952	(103,866)		
	Offsets/Reimbs	(415,648)	(132,238)	(283,410)		
		<u>9,242,236</u>	<u>9,275,372</u>	<u>(33,136)</u>	<u>(118,078)</u>	<u>(151,214)</u>
Development Services	Labor	23,337,497	20,816,047	2,521,450		
	Services/Supplies	3,271,213	2,152,331	1,118,882		
	Offsets/Reimbs	(4,613,286)	(2,458,920)	(2,154,366)		
		<u>21,995,424</u>	<u>20,509,458</u>	<u>1,485,966</u>	<u>(4,455,960)</u>	<u>(2,969,994)</u>

		Expenditure Budget	Expenditure Actuals	Expenditure Variance	Revenue Variance	Net Results
FY2006/07						
Police	Labor	119,368,436	122,707,429	(3,338,993)		
	Services/Supplies	16,216,094	25,707,520	(9,491,426)		
	Offsets/Reimbs	(9,966,655)	(19,184,995)	9,218,340		
		<u>125,617,875</u>	<u>129,229,954</u>	<u>(3,612,079)</u>	<u>751,868</u>	<u>(2,860,211)</u>
Fire	Labor	77,281,035	79,860,057	(2,579,022)		
	Services/Supplies	14,694,112	12,332,679	2,361,433		
	Offsets/Reimbs	(1,287,398)	(1,459,081)	171,683		
		<u>90,687,749</u>	<u>90,733,655</u>	<u>(45,906)</u>	<u>(1,787,159)</u>	<u>(1,833,065)</u>
Code Enforcement	Labor	7,454,511	7,311,458	143,053		
	Services/Supplies	2,327,206	2,661,491	(334,285)		
	Offsets/Reimbs	(594,534)	(625,750)	31,216		
		<u>9,187,183</u>	<u>9,347,199</u>	<u>(160,016)</u>	<u>(221,127)</u>	<u>(381,143)</u>
Development Services	Labor	21,655,333	20,538,973	1,116,360		
	Services/Supplies	4,286,397	4,307,004	(20,607)		
	Offsets/Reimbs	(4,930,662)	(861,390)	(4,069,272)		
		<u>21,011,068</u>	<u>23,984,587</u>	<u>(2,973,519)</u>	<u>(1,503,894)</u>	<u>(4,477,413)</u>

Supplemental Budget Information – Item 18

Question:

By Department, how many positions are filled in the City presently and how many positions were filled last year?

Response:

		FY2007/08		FY2008/09	
		Authorized Positions	Vacant Positions* (As of 2/5/2008)	Funded Authorized Positions	Funded Vacant Positions* (As of 2/6/2009)
General Fund	Mayor/Council	29.00	-	28.50	1.00
	City Manager	24.00	1.00	24.00	3.00
	City Attorney	58.00	4.50	53.00	5.00
	City Clerk	13.00	-	12.00	2.00
	City Treasurer	18.00	2.00	15.00	2.00
	Finance	99.50	6.00	74.50	2.50
	Technology	73.00	-	66.50	2.00
	Human Resources	36.00	1.00	32.00	1.00
	Labor Relations	9.00	-	9.00	-
	Police	1,271.86	70.15	1,095.36	26.00
	Fire	653.00	6.00	634.00	16.50
	General Services	187.50	21.50	187.50	15.50
	Transportation	297.00	18.00	377.70	29.11
	Neighborhood Services	15.00	1.00	13.00	1.00
	CC&L	112.62	12.50	109.62	-
	Economic Development	24.00	6.00	25.00	4.00
	Parks & Recreation	623.35	18.85	514.90	26.50
	Code Enforcement	106.50	8.00	94.50	7.50
	Development Services	246.50	26.00	165.50	27.00
	Planning	33.00	2.00	32.00	2.00
Total - General Fund		3,929.83	204.50	3,563.58	173.61
START	Parks & Recreation	166.00	5.00	164.50	-
Parking	Transportation	59.25	8.25	59.25	8.75
Water Fund	Utilities	259.25	25.25	259.00	16.00
Sewer	Utilities	80.25	5.00	72.50	0.50
Solid Waste	Utilities	193.00	10.48	193.00	11.00
Marina	CC&L	7.80	-	7.80	-
Community Center	CC&L	93.15	11.03	93.15	5.50
Storm Drainage	Utilities	204.50	12.50	212.50	11.42
4th R Program	Parks & Recreation	146.49	23.00	146.49	14.50
Fleet Management	General Services	99.00	8.00	104.00	8.00
Risk Management	Human Resources	18.00	-	18.00	2.00
Worker's Comp	Human Resources	20.00	-	20.00	1.00
Water Planning	Utilities	4.00	-	4.00	-
Total - Non General Fund		1,350.69	108.51	1,354.19	78.67
eCAPS		24.00	-	24.00	-
GRAND TOTAL		5,304.52	313.01	4,941.77	252.28

* Seasonal positions are generally not included. In FY2007/08, previously unfunded positions are not included.

Supplemental Budget Information – Item 19

Question:

We want a report back on the staff to management ratios in each City department including organizational charts with management personnel clearly identified.

Response:

The following chart provides a break down of: (1) current staff to management ratios based on FY2008/09 General Fund full time equivalent (FTE) positions; and (2) the 429.01 FTE positions identified for reduction in the FY2009/10 Budget as proposed in the February 24, 2009 workshop report.

	Management / Professional	Executive / Administrative Support	Represented	Total
FY2008/09 General Fund Total FTE/Staffing by Classification Group				
Public Safety	92.00 4.78%	60.00 3.12%	1,773.86 92.11%	1,925.86
All Other	416.20 12.87%	166.50 5.74%	1,439.03 81.39%	2,021.73
Total GF FTE:	508.20 12.87%	226.50 5.74%	3,212.89 81.39%	3,947.59
FY2009/10 FTE Reduction Proposal				
Public Safety	0.00 0.00%	0.00 0.00%	117.00 100.00%	117.00
All Other	49.50 15.86%	63.00 20.19%	199.51 63.94%	312.01
Total GF FTE Reduction:	49.50 11.54%	63.00 14.68%	316.51 73.78%	429.01

Detailed department organization charts are not currently available; when these charts are available they will be forwarded to the City Council as an addendum to this item.