



## REPORT TO COUNCIL City of Sacramento

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PUBLIC HEARING  
June 16, 2009

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

**Subject:** Adoption of the FY2009/10 Operating and Capital Improvement Program (CIP) Budgets

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

**Recommendation:** Conduct a public hearing and upon conclusion adopt a **Resolution** to approve the FY2009/10 City of Sacramento Operating and CIP Budgets.

**Contact:** Leyne Milstein, Director of Finance, 808-8491, Dawn Holm, Principal Management Analyst, 808-5574

**Presenters:** Leyne Milstein

**Department:** Finance

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

**Organization No:** 06001140

**Description/Analysis:**

**Issue:** This report transmits the FY2009/10 Operating and CIP Budgets for final adoption. The FY2009/10 Proposed Operating Budget and the 2009-2014 Proposed CIP were released to the City Council on May 1, 2009, as required by City Charter. Over the past several weeks, the Mayor and City Council have conducted budget hearings and approved intent motions to adopt the proposed Operating and CIP budgets with adjustments as outlined in Exhibits 1-2.

The operating budget as amended reflects a reduction in expenditures by \$41.7 million from the current year budget, the unfunding of 383 FTE, and the use of \$8.3 million in one-time resources to close the gap for the fiscal year. The programs and services included in the budget reflect the City Council's commitment to keeping Sacramento a full service City and maintaining the structural framework necessary to position the City when the economy recovers.

One of the central strategies to close the gap between revenues and expenses in the FY2009/10 Proposed Budget was to minimize growth in the City's personnel costs. In order to do so, the City has asked labor unions to consider freezing salaries and step



increases; and in the case of non-public safety employees, to take one furlough day per month for the fiscal year. In addition, all unrepresented employees will continue to furlough one day per month and will not be receiving cost of living adjustments (COLAs) in FY2009/10.

To date the City has successfully concluded negotiations with the Sacramento Police Officer's Association (SPOA). Tentative agreements have been reached with the Western Council of Engineers, International Association of Machinists and Aerospaceworkers (IAMAW) and the Sacramento-Sierra Building Construction and Trade Council. Negotiations are still in process with the City's remaining unions, and should the negotiations prove to be successful, there could be an opportunity to amend the Adopted Budget substituting labor savings for some of the reductions.

During the June 9, 2009, hearing on the Department of Utilities operating and CIP budgets, Council approved an intent motion to approve a nine percent overall rate increase for each of the next two years with direction to staff to report back on June 23, 2009, providing details of Water, Sewer and Solid Waste Fund rate increases and budgetary amendments. As such, the Adopted Budget will be amended based on final Council action on June 23, 2009.

Finally, the Budget Resolution (Attachment 1) has been amended to reflect the intent motions that have been made throughout the budget hearing process. Also, in an effort to address an outstanding accounting issue Section 16.7 has been added allowing the Finance Director to establish a new fund effective for FY2008/09 to allow for the accurate accounting of the parcel tax for additional library services.

**Policy Considerations:** The FY2009/10 Proposed Budget is 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)].

**Financial Considerations:** The FY2009/10 Proposed Budget, as amended by Council (Exhibits 1-2), reflects the revenues and expenditures associated with implementing the programs and service levels identified in the Proposed Budget. While the FY2009/10 budget is balanced, it is important to note that the FY2009/10 budget:

- Relies heavily on the use of reserves as overall net financing estimates are based on overall revenue growth that is significantly lower than in recent years; and
- Includes the release of funds from the Economic Uncertainty Reserve. Over the long term, the use of budgetary reserves to balance the budget is not sustainable.

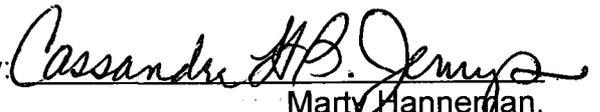
Should revenues decline further over the next six months, measures to further curtail City expenditures will be necessary. Staff will continue to evaluate fiscal conditions over the early part of the fiscal year and will report back to the Council on the status of

revenues and what steps may be needed depending on whether revenue results are greater or lower than anticipated.

Finally, it is important to note that additional reductions in FY2010/11 and beyond are unavoidable as a result of the use of one-time funding and known cost increases in FY2010/11 and FY2011/12. To better position the City for addressing these issues, it is essential that we continue to implement ongoing measures including hiring controls, growing our revenues, and departmental efficiencies. Effective long-term budget planning must include holding operating expenditure increases to a level less than anticipated revenue growth to provide the capacity to address our long-term fiscal challenges and regain fiscal sustainability.

**Emerging Small Business Development (ESBD):** None.

Respectfully Submitted by:   
Leyne Milstein,  
Finance Director

Approved by:   
Marty Hannerman,  
Assistant City Manager

Recommendation Approved:

  
Ray Kerridge  
City Manager

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## **RESOLUTION NO.**

Adopted by the Sacramento City Council

### **APPROVING THE FISCAL YEAR (FY) 2009/10 OPERATING AND CAPITAL IMPROVEMENT BUDGETS FOR THE CITY OF SACRAMENTO**

#### **BACKGROUND**

- A. The City of Sacramento through the leadership and direction of the Mayor and City Council has maintained a sustainable budget philosophy;
- B. The Mayor and City Council have implemented a strategic planning process for the City of Sacramento focusing on economic development, public safety, safe and affordable housing, sustainability and livability, and culture and entertainment which includes a plan for funding high priority operating and capital needs;
- C. The City Manager is required to present a balanced budget to the Mayor and City Council no less than 60 days prior to the end of each fiscal year pursuant to Article 9 Section 111 in the City of Sacramento Charter;
- D. The City Manager released the FY2009/10 Proposed Operating Budget and the 2009-2014 Proposed Capital Improvement Program (CIP) (which includes the FY2009/10 Capital Improvement Program Budget) on May 1, 2009, for review and consideration; and
- E. The Mayor and City Council conducted hearings during the months of May and June 2009 related to the adoption of the City's FY2009/10 Operating and Capital Improvement Program Budgets.

#### **BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:**

- A. The FY2009/10 Operating and Capital Improvement Program Budgets, as defined in Section 2.1, are hereby approved (collectively, the "Approved Budget");
- B. The 2009-2014 Capital Improvement Program, which provides a comprehensive five-year plan for capital project expenditures, is hereby approved;
- C. Sections 1 through 16 below, which define the authority and responsibilities of the City Manager in implementing the Approved Budget, are hereby approved.
- D. The Summary of Proposed Budget Augmentations (Exhibit 1) and Summary of Changes and Technical Adjustments (Exhibit 2), are hereby approved.
- E. Exhibits 1 through 4, inclusive, are part of this resolution.

## **SECTION 1. SCOPE**

- 1.1 This resolution defines the authority and responsibilities of the City Manager in implementing the Approved Budget of the City of Sacramento and supersedes Resolution 2008-423.

## **SECTION 2. DEFINITIONS**

- 2.1 "Approved Budget" includes the following documents:
  - (1) The FY2009/10 Proposed Operating Budget dated May 1, 2009, as amended by the City Council and reflected in the summary of augmentations (Exhibit 1), the summary of changes to the approved operating and capital improvement program budgets (Exhibit 2), as well as administrative and technical changes necessary to implement City Council direction (an Approved Operating Budget that incorporates into the Proposed Budget the augmentations and changes set forth in Exhibits 1 and 2, and other administrative and technical changes shall be prepared by the City Manager and be attached hereto as Exhibit 3); and
  - (2) The FY2009/10 Proposed Capital Improvement Budget dated May 1, 2009, as summarized in Schedule 4 of the FY2009/10 Operating Budget and detailed in the 2009-2014 Capital Improvement Program (an Approved Capital Improvement Budget that incorporates into the Proposed Capital Improvement Budget the augmentations and changes set forth in Exhibits 1 and 2, and other administrative and technical changes shall be prepared by the City Manager and be attached hereto as Exhibit 4).
- 2.2 "Base Budget" means the current year budget modified pursuant to labor agreements, one-time expenditures, citywide changes and midyear changes.
- 2.3 "Budget Categories" reflect internal reporting structures based on established budgets:
  - (1) "Department" or "Operating Unit" means: Mayor and City Council; City Manager; City Attorney; City Clerk; City Treasurer; Code Enforcement; Convention, Culture & Leisure; Community Development; Economic Development; Finance; Fire; General Services; Human Resources; Information Technology; Labor Relations; Neighborhood Services; Parks & Recreation; Police; Transportation; Utilities; Capital Improvement; Debt Service; Non-Department and Reserves.
  - (2) "Dept ID" represents an organizational sub-unit within an Operating Unit.
  - (3) "Division" means a roll-up of Dept ID's within an Operating Unit.
  - (4) "Account" means the primary accounting field in the budget used to describe the type of the financial transaction.
  - (5) "Expenditure Class" means a categorical grouping of individual similar accounts for purposes of reporting expenditures (i.e. Employee Services, Service and Supplies, Property, Debt Service, and Interdepartmental Transfers).
- 2.4 "City Manager" means the City Manager or, if so designated, the Director of Finance or the Budget Manager.

- 2.5 "Current Budget" means the FY2008/09 Approved Budget, incorporating any subsequent appropriation increases, decreases or transfers and adjustments.
- 2.6 "eCAPS" means the electronic Citywide Accounting and Personnel System (eCAPS): New Enterprise Resource Management system implemented from 2007 to 2009 to manage Citywide financial, human resource, and payroll transactions and development of the annual budget.
- 2.7 "Full Time Equivalent (FTE)" means the decimal equivalent of a position; i.e. one full-time position is 1.00 FTE and one quarter-time position is 0.25 FTE.
- 2.8 "Unfunded FTE" means a City Council authorized FTE without an associated labor budget. Unfunded FTE will remain vacant until funding has been restored.

**SECTION 3. AUTHORIZED STAFFING AND APPROPRIATIONS**

- 3.1 The City Manager is authorized to make any expenditure and resource adjustments to the Approved Budget based on final City Council action to adopt the Budget.
- 3.2 The City Manager is authorized to establish the appropriations and FTE staffing as shown in Schedules 1A, 1B, 1C and fund summaries, including transfers as shown on Schedule 2 as displayed in Exhibit 3.
- 3.3 The City Manager is authorized to revise any appropriation made in the Approved Budget where the revision is of a technical nature and is consistent with City Council intent.
- 3.4 During budget deliberation and following budget approval, the City Manager is authorized to adjust any appropriation made in the Approved Budget to reflect changes from amounts budgeted for updated labor, vehicle, energy, contingencies and risk management changes such as retirement rates, payroll taxes, health benefits, fleet costs and risk management costs from designated funds or reserves.
- 3.5 Following budget approval, the City Manager is authorized to revise indirect cost rates to be applied to hourly salary rates in order to achieve full cost recovery of services and is authorized to adjust the operating budget to reflect the indirect cost plan for FY2009/10.

**SECTION 4. APPROPRIATION INCREASES/DECREASES**

- 4.1 All increases or decreases in excess of \$100,000 to operating and capital appropriations shall be approved by the City Council by resolution.
- 4.2 The City Manager is authorized upon completion of the audited financial statements for FY2008/09 to adjust FY2009/10 fund contingencies by the amount of net changes in fund balance as determined by the City Council. These fund balance and appropriation changes will be included and addressed in the Comprehensive Annual Financial Report (CAFR).
- 4.3 Residual balances from unexpended debt proceeds will be reverted to the appropriate fund and utilized for the legal purposes as specified in the conditions of the "debt issuance." The City Manager is authorized to establish appropriations and account for the expenditure of these unexpended proceeds.

## **SECTION 5. STAFFING CHANGES**

- 5.1 Any increase or decrease, by department by fund, in FTE as authorized in the Approved or Amended Budget for a department must be approved by the City Council, except for renewals or expansion of fully offset grants as specified in Section 5.2 below.
- 5.2 Any existing positions which were approved on the basis of the City receiving a grant or other reimbursements must have continued funding verified prior to filling the position. The City Manager is authorized to adjust staffing levels and associated service and supplies for renewals or expansions of fully offset City Council approved grants. Grant funded positions shall be terminated upon completion or cancellation of the grant, unless specifically continued by a resolution that includes a source of replacement funding.
- 5.3 Any exempt management position adjustment made subject to the approval of the City Manager and subject to the Personnel Resolution covering Unrepresented Officers and Employees approved by City Council must have funding verified by the Budget Office prior to implementation.
- 5.4 Any reassignment of authorized FTE and employee services funding associated with FTE within a department and within the same fund may be made at the discretion of the department head with the approval of the City Manager as long as there is no net change to authorized FTE and funding levels.
- 5.5 All new positions or job reclassifications (as identified in Exhibit 3, Schedule 8) are subject to classification review and approval by the Human Resources Director.
- 5.6 The City Manager has authority to adjust staffing levels in the Police and Fire Training Academies based on projected vacancies.
- 5.7 Positions identified as "unfunded" shall remain vacant until the City Council approves a budget adjustment to fund the costs associated with these positions.
- 5.8 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.

## **SECTION 6. APPROPRIATION TRANSFERS FROM CONTINGENCY/RESERVE FUNDS**

- 6.1 The General Fund Economic Uncertainty Reserve for the City of Sacramento is \$10.5 million. This reserve will be maintained for the purpose of absorbing unforeseen revenue losses and allowing continuation of Approved Budget program levels.
- 6.2 The City Manager is authorized to increase or decrease budget appropriations up to \$100,000 from undesignated fund balance or, in the case of the General Fund, Administrative Contingency. Budget appropriation increases and decreases in excess of \$100,000 must be approved by the City Council, except for payments to employees for vacation and sick leave termination, which must be approved by the City Manager.
- 6.3 Transfers shall not be made from undesignated fund balance or Administrative Contingency if the transfer will result in a negative balance.

- 6.4 Use of designated reserves must be approved by the City Council by resolution.
- 6.5 The City Manager is authorized to make annual loan repayments to the Risk Fund from the Convention Center fund subject to the availability of funds. As of June 30, 2008, the Risk Fund loan to the Convention Center totals approximately \$7.6 million.

## **SECTION 7. OTHER APPROPRIATION TRANSFERS**

- 7.1 Operating appropriation transfers within the same department and the same fund must be approved by the City Manager.
- 7.2 Appropriation transfers between two or more departments, up to and including \$100,000, must be approved by the City Manager. Such transfers in excess of \$100,000 must be approved by the City Council by resolution.

## **SECTION 8. UNSPENT APPROPRIATIONS AND ENCUMBRANCES**

- 8.1 All appropriations in the operating budget which remain unencumbered or unexpended on June 30, 2009, after adjustments resulting from Sections 4.2, 4.3, 10.2, 11.5, and 12.3 or as specifically provided for in Section 16, shall revert to the fund balance of the respective funds.
- 8.2 The City Manager is authorized to increase revenue and expenditures for the Ethel MacLeod Hart Trust operations (Dept ID 19001721), pursuant to the recommendation of the Ethel MacLeod Hart Advisory Committee, every five years beginning in FY2006/07. All unobligated appropriations and interest earned in the prior year are to be carried over to the next fiscal year.
- 8.3 All purchase order commitments outstanding on June 30, 2009, and associated appropriations are hereby continued.
- 8.4 Unobligated appropriations in existence on June 30, 2009, for fleet purchasing budgets (Accounts 474230 and 474240) shall be carried over to the next fiscal year.
- 8.5 Unobligated appropriations in existence on June 30, 2009, for Fire Department station expense appropriations (Account 481230), pursuant to the current fire labor contract, shall be carried over to the next fiscal year.
- 8.6 Unobligated appropriations in existence on June 30, 2009, for the City Council discretionary accounts shall be carried over to the next fiscal year.
- 8.7 The Rental Housing Inspection Program fees have been established to recover the costs of the program. The City Manager is authorized to carryover excess revenues for this program provided the full cost of the current year operations for the Rental Housing Inspection Program have been recovered.

## **SECTION 9. REVENUE BUDGET**

- 9.1 The FY2009/10 Revenue Budget is summarized in Exhibit 3, Schedule 6.
- 9.2 Any increase or decrease greater than \$100,000 in estimated revenue, to the adopted revenue budget by fund requires City Council approval.

- 9.3 The City Manager is authorized to adjust revenues for renewals and augmentations of fully offset grants.

## **SECTION 10. CAPITAL IMPROVEMENTS**

- 10.1 Capital projects and/or appropriations shall be used for:
- (1) Repairs, maintenance, improvements or acquisitions with a total cost of at least \$20,000 and a useful life that exceeds one fiscal year; and
  - (2) Community/Neighborhood projects and appropriations as approved by the City Council.
- 10.2 City Council approval is required for the establishment and/or cancellation (without completion) of a capital improvement project, except as provided below:
- (1) Capital projects for internal City operations related to improvements and minor construction of existing City owned/occupied buildings can be established by the City Manager provided the total cost to deliver the project does not exceed \$100,000;
  - (2) Capital projects that have been approved in the Sacramento Housing and Redevelopment Agency's (SHRA) annual budget and are subject to the provisions of the Master Project Agreement between the City and SHRA as adopted by the City Council on December 18, 2001 (Resolution 2001-828), can be approved by the City Manager; and
  - (3) Capital projects may be subdivided into separate sub-projects, as may be needed to administer, manage and deliver the original scope of the project without further City Council action.
- 10.3 Capital appropriations shall be used solely for the originally approved project or projects except as provided for in this section. Annually, completed or inactive projects will be closed, except due to payment disputes. An inactive project is defined as one where transaction activity is less than \$1,000 over the prior three years. Closures are the responsibility of the designated project manager. The managing department and/or City Manager have the authority to process the necessary documentation to close inactive projects.
- 10.4 All multi-year capital improvement projects in existence on June 30, 2009, shall be continued in FY2009/10 except as provided in Section 10.3. The FY2009/10 CIP Budget is summarized on Schedules 2 and 4 as displayed in Exhibit 3.
- 10.5 Unencumbered appropriations for all inactive projects as defined in Section 10.3 above will expire on June 30 following the third full year of the last appropriation to the project. Subject projects requiring continuing appropriations will require City Council action through programming within the CIP or through a separate appropriation to the project.
- 10.6 Each fiscal year, on June 30, the balance of each capital improvement project must be zero or have a positive balance by fund. Projects in excess of the budget from all funding sources by:

- (1) \$100,000 or less shall, first, be corrected within each fund and, second, be corrected by a transfer from the operating budget organization of the project manager. All transfers of \$100,000 or less shall be made as provided for in Section 6.2; or
  - (2) More than \$100,000 shall be submitted to City Council for approval by resolution of a corrective plan of action.
- 10.7 Except in the General Fund, the City Manager is authorized to transfer appropriations totaling \$100,000:
  - (1) From Project A to Project B if:
    - (a) Project A is completed and has savings; or
    - (b) Project A is not completed and a revised project estimate confirms that there will be project savings upon completion;
  - (2) Between funding sources within a project if the total appropriation remains unchanged.
- 10.8 The City Manager is authorized to increase or decrease project budget appropriations by not more than \$100,000 for each project. Appropriation changes exceeding \$100,000 in total for any project shall be submitted to the City Council for approval by resolution.
- 10.9 Community/Neighborhood projects and appropriations established with one-time funding sources under Resolution 2000-682 (11/21/00), 2001-765 (11/20/01), 2003-412 (6/17/03), 2004-551 (6/29/04), 2006-367 (5/23/06) and associated staff reports are governed by the following procedures:
  - (1) Savings of up to \$50,000 due to lower than expected costs or the securing of alternative funding sources can be administratively reprogrammed into other projects, within the same City Council District, at the request of the City Council District Office and with the approval of the City Manager; or
  - (2) Savings above \$50,000 to be reprogrammed requires City Council approval by resolution.
- 10.10 Upon completion and closure of a capital project, the City Manager is authorized to transfer any remaining project balance to:
  - (1) Undesignated Fund Balance of the respective fund, the Capital Projects Base Reserve for Utilities Program capital projects or, in the case of the General Fund, Administrative Contingency; or
  - (2) As provided for in Section 10.7.
- 10.11 Measure A Sales Tax (Funds 2001 and 2005) and New Measure A Construction/Projects (Fund 2023, 2025, and 2026) expenditure and revenue budgets can be loaded into the City's financial system prior to Sacramento Transportation Authority (STA) Board approval.

Work on capital projects in these funds is done prior to receiving funding; project funding/appropriation shall be as follows:

- (1) The City Manager is authorized to enter the revenue/expenditure budgets as reflected in the Approved Budget (revenues) and Capital Improvement Budget (expenditures);
- (2) The City Manager is authorized to enter expenditure/revenue budgets prior to STA Board approval; and
- (3) STA Board approval is required for all Measure A reallocations. In cases where the City Council takes action on recommended Measure A reallocations prior to STA Board action, City Council approval shall be contingent on STA Board approval.

10.12 Projects funded by the following reimbursable funds are included within the Operating and Capital Budgets for planning purposes: Grant Funds (Funds 3702, 3703, and 3704), SHRA Community Development Block Grants (Fund 2700) and Tax Increment (Fund 3701). Work on capital projects funded by these sources is done prior to receiving funding and project funding/authorization for these projects shall be as follows:

- (1) Funds 2700, 3701, 3702, 3703 and 3704: Expenditure and revenue budgets will not be loaded into the City's financial system until actual agreements (Program Supplements/E-76's, Individual Project Agreements (IPA), Cooperative Agreements, etc.) have been entered into between the City and the funding authority.
- (2) Funds 3703 and 3704: The City of Sacramento is eligible to receive federal and/or state funding for certain transportation projects through the California Department of Transportation (Caltrans). Master Agreements, Program Supplemental Agreements, Fund Exchange Agreements and/or Fund Transfer Agreements must be executed with Caltrans before such funds can be claimed. The Mayor and/or City Manager are authorized to execute all Master Agreements, Program Supplemental Agreements, Fund Exchange Agreements, Fund Transfer Agreements and any amendments thereto with Caltrans.

The City Manager is authorized to transfer matching funds as specified in the approved CIP from the state and federal Grant Match Program (T15007200) and to enter the revenue/expenditure budgets as reflected in the grant agreement, provided that the amount is not more than \$100,000 different from what was reflected in the Approved CIP which authorized the project funding. Project agreements that exceed \$100,000 difference from the anticipated budget shall be submitted to the City Council for approval by resolution.

10.13 The Capital Budget has been amended over the past few years to include "Credit Projects." Credit projects are established to account for turnkey parks, infrastructure and other improvements provided by a developer in exchange for City fee credits. In an effort to provide a more accurate reflection of proposed spending by fund, these projects are identified in the CIP as funded by Developer Credit/Obligations (Fund 9501). At the time these improvements are accepted by the City of Sacramento, the projects and related appropriations will be recorded in the appropriate City fund.

10.14 The CIP (Exhibit 4) includes projects that are directly supported by user and developer fees. The City Manager is authorized to adjust department revenue budgets and CIP

expenditure budgets for projects directly supported by fees based on the actual fees collected, less any operating costs associated with delivering the service.

## **SECTION 11. OPERATING GRANTS AND EXTERNALLY FUNDED PROGRAMS**

- 11.1 City Council approval is required for the establishment and/or cancellation (without completion) of an operating grant/externally funded program, except as follows:
- (1) The operating grant/externally funded program is under \$100,000 and does not require any of the following:
    - (a) Any increase or decrease, by department by fund, in FTE staffing levels as authorized in the Approved or Amended Budget; or
    - (b) Matching funds from City resources; or
    - (c) Any ongoing service or funding by the City.
  - (2) The City Manager is authorized to establish operating grants/externally funded programs and authorize spending and allocation of resources in advance of formal agreements in response to governmental requests for public safety assistance related to disasters and national security risks. The Department responding to these events shall report to the City Council within 60 days of receiving formal program documents from the requesting governmental agency(s) to obtain approval to enter into agreements and accept reimbursements.
- 11.2 As noted in Section 5.2, the City Manager is authorized to adjust staffing levels and associated service and supplies for renewals or expansions of fully offset grants previously approved by City Council.
- 11.3 If the grantor for a grant/externally funded program requires City Council action, then the grant/externally funded program shall require approval by the City Council regardless of the grant amount.
- 11.4 Operating grants/externally funded programs appropriated in the Approved Budget do not require additional City Council approval to be expended upon receipt of such grants or funds for externally funded programs.
- 11.5 All multi-year operating grant/externally funded program budgets in existence on June 30, 2009, shall be continued in FY2009/10.
- 11.6 Each fiscal year, on June 30, the balance of each grant/externally funded program budget must be zero or have a positive balance by fund. Grants/externally funded programs in excess of the budget from all funding sources by:
- (1) \$100,000 or less shall, first, be corrected within each fund and, second, be corrected by a transfer from the operating budget organization of the project manager. All transfers of \$100,000 or less shall be made as provided for in Section 6.2; or
  - (2) More than \$100,000 shall be submitted to City Council for approval by resolution of a corrective plan of action.

## **SECTION 12. MULTI-YEAR OPERATING PROJECTS**

- 12.1 Multi-Year Operating Projects are used for:
- (1) Economic Development Assistance, and Development Programs (i.e. Inclusionary Housing, and Infill); and
  - (2) Planning, audit, and other consultant studies that will take more than one fiscal year to complete.
- 12.2 City Council approval is required for the establishment and/or cancellation (without completion) of a multi-year operating project.
- 12.3 Unobligated appropriations in existence on June 30, 2009, for all existing multi-year operating projects shall be carried over to the next fiscal year.
- 12.4 Multi-year operating project appropriations shall be used solely for the originally approved program or study. Annually, completed or inactive multi-year operating projects will be closed. An inactive project is defined as one where transaction activity is less than \$1,000 over the prior three years. Closures are the responsibility of the designated project manager. The managing department and/or City Manager have the authority to process the necessary documentation to close inactive projects.
- 12.5 Each fiscal year, on June 30, the balance of each multi-year operating project must be zero or have a positive balance by fund. Projects in excess of the budget from all funding sources by:
- (1) \$100,000 or less shall, first, be corrected within each fund and, second, be corrected by a transfer from the operating budget organization of the project manager. All transfers of \$100,000 or less shall be made as provided for in Section 6.2; or
  - (2) More than \$100,000 shall be submitted to City Council for approval by resolution of a corrective plan of action.
- 12.6 The City Manager is authorized to increase or decrease project budget appropriations by not more than \$100,000 for each project. Transfers that exceed \$100,000 in total for any project shall be submitted to the City Council for approval by resolution.

## **SECTION 13. IN-LIEU PROPERTY TAXES AND IN-LIEU FRANCHISE FEE**

- 13.1 An in-lieu property tax and in-lieu franchise fee are hereby imposed on the Community Center, Parking and Sacramento Marina funds in the amounts provided in Schedule 3 as displayed in Exhibit 3. The City Council finds that the in-lieu property tax as detailed in Schedule 3 represents the property tax revenue, which would be received by the General Fund if the real and personal property owned by these enterprises were taxable under private ownership. The in-lieu franchise fee as detailed in Schedule 3 represents the franchise fees which would be received by the City from private entities as a rental or a toll for the use of City streets and rights of way.

## **SECTION 14. APPROPRIATION LIMITS**

- 14.1 The appropriation limit and the appropriations subject to the limit are hereby amended pursuant to Article XIII B of the California Constitution for FY2009/10 as detailed in Schedule 5 as displayed in Exhibit 3.

## **SECTION 15. MIDYEAR FINANCIAL REPORT**

- 15.1 The City Council shall be provided a Midyear Financial Report including a revised estimate of the financial condition of all funds, revised estimated revenues and expenditures, and recommendations for eliminating any projected fund deficits.
- 15.2 The City Council shall act on any projected fund deficits as part of the fiscal year end close process.

## **SECTION 16. MISCELLANEOUS CONTROLS/CONSIDERATIONS**

- 16.1 No expenditures at the department level shall exceed the Approved or Amended Budget, by fund.
- 16.2 The City Manager is authorized to modify the content of the Overview Section of the FY2009/10 Proposed Budget in order to refine and add content as may be needed to meet Government Finance Officers Association (GFOA) application requirements for excellence in reporting.
- 16.3 The City Manager is authorized to modify the Overview and Budget Schedule Sections of the 2009-2014 Capital Improvement Program in order to refine and add content as may be needed to meet California Society of Municipal Finance Officers (CSMFO) application requirements for excellence in reporting.
- 16.4 Subject to approval by the City Manager and pursuant to the sections governing transfers and appropriations, projected deficiencies in any department by fund must be corrected by:
- (1) Reducing expenditures in said department (i.e. freezing vacant positions, restricting purchase orders, etc.); or
  - (2) An appropriation transfer from administrative contingency and/or fund balance subject to the provisions of Section 6.
- 16.5 The City Manager is authorized to:
- (1) Adjust budgets to reflect all required debt service payments pursuant to the official statements;
  - (2) Adjust budgets in the Special Revenue funds for appropriations required based on the action/direction of the City Council relative to capital projects, transfer requirements and the availability of funds;
  - (3) Establish and adjust budgets for private development activities managed in multi-year operating projects, that are fully offset by development fees;

- (4) Adjust budgets in the Capital Project funds for the current year based on previous actions of the City Council for projects on a multi-year basis; and
  - (5) Adjust appropriations and make adjustments to the City's financial and personnel structure as necessary to complete the conversion of the City's current systems to eCAPS provided the overall appropriations by fund, department, capital improvement project (CIP), and total staffing as approved by the City Council remain unchanged.
- 16.6 In all staff reports that come before the City Council, net budgetary impacts on all funds will be stated clearly and concisely, including indirect impacts, so that the Councilmembers have a full understanding of the financial considerations and impacts of their decisions.
- 16.7 The Finance Director is authorized to establish a new fund in FY2008/09 for the receipt and disbursement of the parcel tax for additional library services.

**Table of Contents**

- Exhibit 1 – Augmentation Summary
- Exhibit 2 – Summary of Changes/Technical Adjustments
- Exhibit 3 – Approved Operating Budget
- Exhibit 4 – Approved Capital Budget

Attest:

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Mayor Kevin Johnson

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Shirley Concolino, City Clerk

**SUMMARY OF PROPOSED BUDGET AUGMENTATIONS**

**General Fund**

Department	Fund	Net Cost	FTE	Description
Transportation	General Fund (1001)	-	8.00	Add Parking Enforcement Officers, costs to be fully offset by revenues.

**FY2009/10 MULTI-YEAR PROJECT (Capital, Grant and Operating) BUDGET ADJUSTMENTS**

Project	Fund Name	Fund #	Net Cost	Description
I22200100 - N. Natomas Administrative Control	N. Natomas Community Improvement Fund (3201)	3201	496,540	Adjust multiyear operating budget to reflect administrative expenses and scheduled transportation agreements.
I22200700 - TMA Shuttle	N. Natomas Community Improvement Fund (3201)	3201	96,000	Adjust multiyear operating budget to reflect scheduled transportation agreements.

