



REPORT TO COUNCIL

City of Sacramento

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PUBLIC HEARING
June 22, 2010

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

Title: Update on County Budget Impacts

Location/Council District: Citywide (All)

Recommendation: Receive and file.

Contact: Leyne Milstein, 808-8491

Presenters: Leyne Milstein, Director of Finance

Department: Department of Finance

Division: Not applicable

Organization No: 06001011

Description/Analysis:

Issue: The County of Sacramento is facing a significant budget shortfall currently estimated at \$122 million. The Interim County Executive has proposed reductions in several areas that will impact programs currently jointly funded and administered by City and County or programs currently being reviewed for potential consolidation opportunities. Final budget reductions could impact City/County joint funded programs. This report details the potential impacts to the City related to the County of Sacramento's FY2010/11 proposed budget. Once the final budget reductions are determined staff will return within 30 days to make budget recommendations for the impacted City programs if necessary.

Policy Considerations: Final budget decisions may necessitate Council to revisit the Approved FY2010/11 budget related to the impacted City programs. This is consistent with the Council's adopted policy to maintain a sustainable budget.

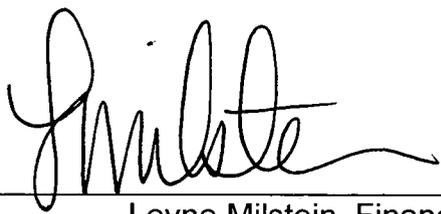
Environmental Considerations: This report concerns administrative activities that will not have any significant effect on the environment, and that do not

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 County's budget reductions have a direct effect on the City relative to the continued support of jointly funded and administered programs.

Financial Considerations: Final county budget action may impact the City's ability to continue to support joint funded/administered programs and the potential for cost savings through consolidation. Staff will report back as more information becomes available.

Emerging Small Business Development (ESBD): Not applicable.

Respectfully Submitted by: 
Leyne Milstein, Finance Director

Recommendation Approved:


Gus Vina
Interim City Manager

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Attachment 1

County Budget Impacts – Animal Care

As of June 14th, Sacramento County is proposing significant reductions in their Animal Care and Regulation budget. Some of these reductions are needed due to declining revenues in the County General Fund as well as in county animal-related fee/penalty revenues; others are the result of the need for the County to begin paying the annual debt service (approximately \$1.6 million) on the brand new \$22 million shelter the County has just completed. It should be noted that at the time this information was prepared, the County had not concluded their budget deliberations and there is the possibility that some funding for animal care may be restored.

The current proposal to the Board of Supervisors for FY2010/11 would cut just over \$600,000 and eliminate six additional operational staff positions (shelter and field enforcement) as well as the Director's position, reducing their total FTE to 26 (down from 52 in FY2007/08). The cuts would leave in place only two animal care attendants and eight Animal Control Officers for the entire County program. These levels are significantly below industry standards for animal care and enforcement.

While the proposed reductions will not directly affect funding for City shelter operations, there may be potential impacts resulting from the reduced service levels.

At the same time as the budget is moving forward, the County, all of the cities within the County, the SPCA and the Humane Society are working together to evaluate the potential of a regional model for provision of some or all animal care and enforcement activities. Even if some of the reductions are ultimately restored by the Board of Supervisors for the FY2010/11 year, staff is concerned that the County is not currently investing in its animal care program at a sustainable level. Ultimately, the reduced level of County funding for animal care may impact the opportunity to reach a regional solution.

Attachment 2

County Budget Impacts - Convention, Culture & Leisure

The following organizations are jointly funded by the City and County:

- Center for Sacramento History (CSH)
- Sacramento History Museum (SHM)
- Discovery Museum Science & Space Center
- Sacramento Metropolitan Arts Commission
- Sacramento Sports Commission
- Sacramento Convention & Visitors Bureau (SCVB)

The following table shows County's funding reductions from Fiscal Year 2009/10 to the Fiscal Year 2010/11 proposed County budget.

	FY2009/10	FY2010/11*	Reduction	FY2010/11 City Contribution	FY2010/11 GF 1% TOT
Center for Sacramento History	\$171,000	\$171,000	--	\$342,702	
Sacramento History Museum	\$93,204	\$93,204	--	\$143,528	
Discovery Museum	\$93,204	\$93,204	--	\$143,528	
Metro Arts Commission**	\$309,655	\$175,000	\$134,655	\$417,988	\$528,448
Sports Commission	\$129,796	\$100,000	\$29,796	\$152,000	
SCVB	\$244,769	\$122,385	\$122,384	\$1,050,572	\$591,560

* Proposed June 16, 2010

** Includes Operations and Cultural Arts Awards

The County contributions to the Center for Sacramento History, Sacramento History Museum, and Discovery Museum are not proposed to have a Fiscal Year 2010/11 reduction.

The County contribution to the Sacramento Metropolitan Arts Commission is proposed to be reduced by a total of \$134,655. This reduction will be split between operations and the County's contribution to the Cultural Arts Awards. The reduction will result in fewer re-granting programs, which will impact the sustainability of the Sacramento Arts community, and Arts Education programs available. The Sacramento Metropolitan Arts Commission is a joint Commission of the City and the County with appointees made by the City Council and the Board of Supervisors.

The County contribution to the Sacramento Sports Commission will be reduced by a total of \$29,796. This reduction will impact the Sports Commission's ability to solicit events for future years. Hosting fewer events would have an economic impact to the City and County. The Sacramento Sports Commission is a joint Commission of the City and the County with appointees made by the City Council and the Board of Supervisors.

The County contribution to the SCVB will be reduced by a total of \$122,384. This reduction in support is significant, particularly in light of multiple years of reductions.

The impact will be absorbed in reduced ability to secure conventions and other room night generating business creating the potential for significant economic loss to the City and County of Sacramento.