



REPORT TO COUNCIL

City of Sacramento

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PUBLIC HEARING
June 22, 2010

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

Title: Adoption of the FY2010/11 Operating and Capital Improvement Program (CIP) Budgets

Location/Council District: Citywide

Recommendation: Conduct a public hearing and upon conclusion adopt a **Resolution** to approve the City of Sacramento FY2010/11 Operating and CIP Budgets.

Contacts: Leyne Milstein, Finance Director, 808-8491

Presenters: Leyne Milstein

Department: Finance

Division: Budget, Policy & Strategic Planning

Organization No: 06001411

Description/Analysis:

Issue: This report transmits the FY2010/11 Operating and CIP Budgets for final adoption. The FY2010/11 Proposed Operating Budget and the 2010-2015 Proposed CIP were released to the City Council on April 30, 2010, 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 and staffing as outlined in Exhibits 1 and 2.

The operating budget as amended reflects an ongoing reduction in expenditures of approximately \$21 million, including the elimination of 202.50 full time equivalent (FTE) positions in the General Fund and the use of \$14.3 million in one-time and alternative available resources to close the gap for the fiscal year. This reflects Council's direction to restore programs and services in the Convention, Culture, and Leisure, Fire, General Services, Parks and Recreation, and Police Departments reflecting the refunding of 61.82 FTE and \$3.6 million in additional funding.

Attachment 1 provides a reconciliation of the use of identified alternative resources. The City Manager's Proposed Budget included the use of \$9.7 million in one-time funding. The current recommendation includes an additional \$3.6 million for City Council directed restorations and the use of \$648,000 to provide a 30-day postponement of layoffs relative to labor negotiations. In addition, as proposed, an additional \$2.2 million in reductions will need to be implemented at midyear in order to balance the budget. Staff will return to Council in the fall with additional reduction recommendations as well as any additional information related to alternative available resources.

The programs and services included in the budget reflect the City Council's priorities for program and service funding as well as the commitment to maintaining the structural framework necessary to position the City when the economy recovers.

The proposed FY10/11 budget included anticipated savings from labor concessions of approximately \$5.6 million in the General Fund and \$11.8 million across all funds. Negotiations are currently under way with three labor organizations with contracts expiring in June 2010.

Staff is recommending use of one-time funds of \$648,000 to balance the proposed FY10/11 budget which would allow for a one-time 30-day postponement of layoffs. If agreement is not reached with the three labor unions during that time period, up to an additional 100 positions would need to be cut in the General Fund with up to 150 positions total across all funds. Staff does not recommend additional extensions.

The Council has taken significant steps to reduce ongoing discretionary spending, making difficult decisions on the programs and services the City will continue to provide. The restorations included in the budget mitigate a number of proposed service reductions in FY2010/11. However, the structural budget deficit persists as the use of one-time resources to bridge the gap between revenues and expenditures defers, but does not eliminate, the need to make ongoing cost reductions. Staff will return to Council with recommendations for additional reductions in FY2010/11 as required by the budget plan, and in preparation for the development of the FY2011/12 budget.

Finally, the Budget Resolution (Attachment 2) has been amended to reflect the intent motions that have been made throughout the budget hearing process.

Policy Considerations: The FY2010/11 Proposed Budget is consistent with the City Council's Strategic Planning – Strategic Budgeting process.

Environmental Considerations:

California Environmental Quality Act (CEQA): 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)]. Environmental review under the California Environmental Quality Act (CEQA) for any project, which utilizes funds allocated in the CIP budget, has been or will be performed in conjunction with planning, design and approval of each specific project as appropriate.

Sustainability Considerations: The City Council adopted the 2010 Sustainability Implementation Plan on February 16, 2010 (Resolution 2010-082). City Departments are continuing efforts to identify areas to "Go Green" and utilize performance contracting in an effort to make capital improvements to City facilities that will ultimately result in a significant reduction in greenhouse gas emissions. Staff will continue to identify opportunities to support the City's sustainability efforts through use of environmentally safe materials and construction practices.

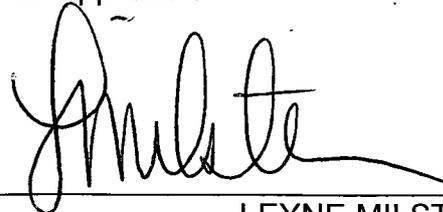
Committee/Commission Action: The Sacramento City Code (section 2.112.060) requires that the CIP be presented to the Planning Commission. The CIP was forwarded to the Planning Commission by the Community Development Staff, and on May 13, 2010, the Planning Commission found the 2010-2015 CIP consistent with the City's General Plan.

Rationale for Recommendation: The Proposed Budget closes the \$43 million General Fund gap with a combination of ongoing measures and one-time funding. The proposal also includes a framework for additional reductions to be implemented during the budget year to offset the use of one-time funding and begins to address the FY2011/12 budget. This is consistent with the City Manager's commitment to Council to develop and implement a three-year plan to achieve sustainability.

Financial Considerations: The Proposed Budget as amended by the City Council during the budget hearings is balanced. However, it is important to note that the budget does not include adjustments that may be necessary as a result of State or County budget actions, nor any further decline in revenues that the City may experience during the fiscal year. As such, the Mayor and City Council may need to make further budget adjustments during the fiscal year to account for the actions of these external entities or the impact of further decline in revenues.

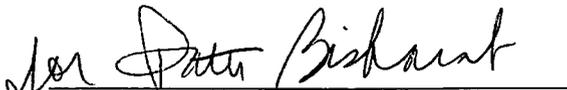
Emerging Small Business Development (ESBD): Not applicable.

Respectfully Submitted by:



LEYNE MILSTEIN
Director, Finance

Recommendation Approved:



Gus Vina
Interim City Manager

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Attachment 1

AVAILABLE RESOURCE SUMMARY

On-Going Resources

Funding Source	Available Balance	Proposed Allocation	Remaining Balance
Cell Towers	350,000		350,000
Electronic Billboard Revenue	360,000	(180,000)	180,000
Other Billboard Revenue	375,000		375,000
Supplemental Annual Administrative Fee	420,000	(420,000)	-

One-Time Resources

Funding Source	Available Balance	Proposed Allocation	Remaining Balance
Elections/Public Campaign Financing	300,000	(300,000)	-
Independent Budget Analyst (deferral)	400,000	(400,000)	-
Landscaping and Lighting Fund	490,000	(245,000)	245,000
Cell-Tower Revenue	800,000	(320,000)	480,000
Arts Stabilization Funding	1,000,000	(150,000)	850,000
Parks Special Revenue Fund	1,400,000	(700,000)	700,000
Sheraton Proceeds in Parking Fund	5,100,000	(1,648,000)	3,452,000
Economic Uncertainty Reserve	10,500,000		10,500,000

SUMMARY OF ACTIONS

Restorations	FTE	Funding
Two Fire Company Brownouts	25.0	3,200,000
Youth Recreation Programs (Summer 2010)	12.0	237,355
Aquatics (Summer 2010)	4.7	102,889
Aquatics (Summer 2011)	0.0	202,111
Community Centers (FY2010/11)	7.7	267,452
Senior Center Programs	1.5	135,193
Metro Arts Funding	0.0	150,000
Animal Care Bolunteer Coordinator	1.0	90,471
Implement Police Academies and Phase in Plan for 30 Police Officers	10.0	1,000,000
Total	61.9	5,385,471

Other

Postpone Additional Layoffs Associated with Labor Concession Savings	-	648,000
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Attachment 2

RESOLUTION NO.

Adopted by the Sacramento City Council

June 22, 2010

**APPROVING THE FISCAL YEAR 2010/11
OPERATING AND CAPITAL IMPROVEMENT PROGRAM BUDGETS
FOR THE CITY OF SACRAMENTO**

BACKGROUND

- A. The City Manager is required to present a balanced budget to the Mayor and City Council no less than 60 days prior to the beginning of each fiscal year pursuant to Article 9, Section 111 of the City Charter.
- B. The City of Sacramento, through the leadership and direction of the Mayor and City Council, has maintained a sustainable budget philosophy. Given this concept of fiscal sustainability, the Council adopted the following strategies and principles on February 11, 2010, for the development of the Fiscal Year (FY)2010/11 Proposed Budget:
 - 1. Budget Development Strategies
 - a. Alternative Service Delivery
 - b. Streamlining the Organization
 - c. Revenue Improvements
 - d. Planned Use of One-Time Reserves
 - 2. Fiscal and Organizational Principles:
 - a. Develop a Sustainable Budget Plan
 - b. Balanced Budget for FY2010/11
 - c. Use One-Time Resources Strategically
 - d. Balance Layoff Impacts with Service Level Decisions
 - e. Address Full Service City Status
- C. The City Manager released the FY2010/11 Proposed Operating Budget and the 2010-2015 Proposed Capital Improvement Program (CIP) (which includes the FY2010/11 CIP Budget) on April 30, 2010, for review and consideration.
- D. The Mayor and City Council conducted hearings during the months of May and June 2010 related to the adoption of the City's FY2010/11 Operating and CIP Budgets.

- E. On June 28, 2005, the City Council approved Resolution 2005-548 authorizing the establishment of the "City of Festivals" Special Event Fund (Fund 2505) and established an annual appropriation of \$100,000 from the Parking Fund (Fund 6004) to the project. In order to comply with new Governmental Accounting Standards Board (GASB) requirements which restricts the uses of special revenue funds, the "City of Festivals" activity should be accounted for in the Parking Fund. Therefore, staff is recommending that Resolution 2005-548 be rescinded.
- F. On February 26, 2008, the City Council approved Resolution 2008-114 authorizing the establishment of the "SEED Corporation Working Capital Fund" and reallocation of General Fund resources. Staff have also determined that this procedure would not be compliant with the new GASB requirements. Therefore, staff is recommending that Resolution 2008-114 be rescinded.

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

- A. The Summary of Changes in Appropriations, attached as Exhibit 1, and the Summary of Full Time Equivalent (FTE) positions by fund, by department, attached as Exhibit 2, are hereby approved.
- B. The FY2010/11 Operating and CIP Budgets, as defined in Section 2.1, are hereby approved (collectively the "Approved Budget").
- C. The 2010-2015 CIP, which provides a comprehensive five-year plan for the City's capital project expenditures, is hereby approved.
- D. Sections 1 through 16 below, which define the authority and responsibilities of the City Manager in implementing the Approved Budget, are hereby approved.
- E. The City Manager is authorized to incorporate final decisions of the City Council, and refine/add content, as may be needed to meet Government Finance Officers Association (GFOA) and California Society of Municipal Finance Officers (CSMFO) budgeting award application requirements, into the Proposed Operating and CIP Budgets in order to create the FY2010/11 Approved Operating Budget and 2010-2015 CIP.
- F. Exhibits 1 through 4, inclusive, are part of this resolution.
- G. Resolutions 2005-548 and 2008-114 are rescinded.

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 2009-406.

SECTION 2. DEFINITIONS

- 2.1 "Approved Budget" includes the following documents:
 - (1) The FY2010/11 Proposed Operating Budget dated April 30, 2010, as amended by the City Council to incorporate the approved summary of changes in appropriations set forth in Exhibit 1, and the approved FTE by fund, by department set forth in Exhibit 2 (the Approved Operating Budget is attached as Exhibit 3); and
 - (2) The FY2010/11 Proposed Capital Improvement Program (CIP) Budget dated April 30, 2010, as summarized in Schedule 4 of the FY2010/11 Operating Budget and detailed in the 2010-2015 CIP, as amended by the City Council to incorporate the Proposed CIP, and the summary of changes in appropriations set forth in Exhibit 1 (the Approved CIP is attached as Exhibit 4).
- 2.2 "Base Budget" is 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" represents major budgetary groupings such as: 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; Projects; Debt Service; Non-Department; and Fund Reserves.
 - (2) "Dept ID" represents an organizational sub-unit within an Operating Unit.
 - (3) "Division" represents a roll-up of Dept ID's within an Operating Unit.

- (4) "Account" is defined as the primary accounting field in the budget used to describe the type of the financial transaction.
 - (5) "Expenditure Class" is defined as 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.
 - 2.5 "Current Budget" is identified as the FY2009/10 Approved Budget, incorporating any subsequent appropriation increases, decreases, or transfers and adjustments as approved by the City Council or City Manager, as appropriate.
 - 2.6 "Full Time Equivalent" (FTE) means the decimal equivalent of a position; e.g. one full time position is 1.00 FTE and one quarter-time position is 0.25 FTE.
 - 2.7 "Unfunded FTE" means a City Council authorized FTE without an associated labor budget. Unfunded FTE will remain vacant until funding has been approved for it by the City Council or City Manager, as appropriate.

SECTION 3. AUTHORIZED STAFFING AND APPROPRIATIONS

- 3.1 The City Manager is authorized to make any expenditure and resource adjustments to the Approved Operating Budget based on final City Council action to adopt the Approved Operating Budget.
- 3.2 The City Manager is authorized to establish the appropriations and FTE staffing as shown in Schedules 1A, 1B, 1C, 1D, and fund summaries, including transfers as shown on Schedule 2A and B 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 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 FY2010/11.

SECTION 4. APPROPRIATION INCREASES/DECREASES

- 4.1 All appropriation changes (increases or decreases) in excess of \$100,000 to operating and capital budgets shall be approved by the City Council by resolution.
- 4.2 The City Manager is authorized upon completion of the audited financial statements for FY2009/10, to adjust FY2010/11 fund contingencies by the amount of net changes in available fund balance as determined by the City Council. These fund balance and appropriation changes shall be included and explained 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 Budget or any subsequent approval by the City Council or by the City Manager in accordance with this resolution, for a department must be approved by the City Council, except for renewals or expansion of fully offset grants or externally funded programs (EFP) as specified in Section 5.2.
- 5.2 Any existing positions which were approved, based on the assumption 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 for renewals or expansions of fully offset City Council approved grants or EFP. Grant/EFP positions shall be terminated upon completion or cancellation of the grant/externally funded program, unless specifically continued by a resolution that includes a source of replacement funding (see Section 11).
- 5.3 Any exempt management position adjustment made subject to the approval of the City Manager and subject to the adopted 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 Director 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 job classifications or 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 is authorized to adjust staffing levels in the Police and Fire Training Academies based on projected vacancies.
- 5.7 Positions identified as "Unfunded FTE" 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 FTE" 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 make appropriation changes (increases or decreases) not exceeding \$100,000 from available fund balance. Appropriation changes (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 The City Manager is authorized to make appropriation changes (increases or decreases) not exceeding \$100,000 from Administrative Contingency established in the General Fund, Water Fund, Sewer Fund, Solid Waste Fund, and/or Storm Drainage Fund. Appropriation changes (increases and decreases) in excess of \$100,000 must be approved by the City Council.
- 6.4 Transfers shall not be made from available fund balance or Administrative Contingency if the transfer will result in a negative balance.
- 6.5 Use of designated reserves must be approved by the City Council by resolution.
- 6.6 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, 2009, the Risk Fund loan to the Convention Center Fund totaled approximately \$6.8 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, 2010, after adjustments resulting from Sections 4.2, 4.3, 10.4, 11.5, and 12.4 or as specifically provided for in Section 16, shall revert to the available 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 five-year recommendation of the Ethel MacLeod Hart Advisory Committee, beginning in FY2006/07. All unobligated appropriations and interest earned by the Ethel MacLeod Hart Trust in the prior year are to be carried over to the next fiscal year.
- 8.3 All purchase order commitments outstanding on June 30, 2010, and associated appropriations are hereby continued.
- 8.4 Unobligated appropriations in existence on June 30, 2010, for fleet purchasing budgets (Accounts 474230 and 474240) shall be carried over to the next fiscal year. The City Manager is authorized to adjust carryover by department based on citywide fleet needs.
- 8.5 Unobligated appropriations in existence on June 30, 2010, for Fire Department station expenses (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, 2010, for the City Council discretionary and wireless telecommunication 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.

- 8.8 At the close of FY2009/10, the City Manager shall transfer all remaining resources from the Special Events Fund (Fund 2505) to the Parking Fund (Fund 6004) to be in compliance with GASB Statement No. 54 changes related to new restrictions on the uses of Special Revenue funds, and close Fund 2505 based on final audited results. Resources transferred to Fund 6004 shall be budgeted in the City of Festivals Program (I15001211).
- 8.9 The City Manager is authorized to decrease the General Fund (Fund 1001) revenue and expenditure budgets for contract services in the Police Department Operating Budget and establish a revenue and expenditure budget in the Police Department Contract Services Externally Funded Program (E11005200) in the EFP Fund (Fund 2703).

SECTION 9. REVENUE BUDGET

- 9.1 The FY2010/11 Revenue Budget is summarized in Exhibit 3, Schedule 6.
- 9.2 Any increase or decrease greater than \$100,000 in estimated revenue to the Approved Budget by fund requires City Council approval.
- 9.3 The City Manager is authorized to establish revenues for renewals up to the amount previously approved by Council, and augmentations up to \$100,000 for fully offset grants and externally funded programs.

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 as approved in separate resolutions approved by the City Council.
- 10.2 City Council approval is required for the establishment and/or cancellation (without completion) of a CIP, except as provided below:
- (1) Capital projects for internal City operations related to improvements and minor construction of existing City owned/occupied buildings may 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), may be approved by the City Manager; and
 - (3) Capital projects may be subdivided into separate sub-projects, as 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.
- 10.4 Annually, completed or inactive projects will be closed, except for projects that have existing litigation or 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 has the authority to process the necessary documentation to close inactive projects.
- 10.5 All multi-year CIP projects in existence on June 30, 2010, shall be continued in FY2010/11 except as provided otherwise in Section 10.4. The FY2010/11 CIP Budget is summarized on Schedules 2 and 4 as displayed in Exhibit 3.
- 10.6 Unencumbered appropriations for all inactive projects, as defined in Section 10.4, will expire on June 30, following the third full year of the last appropriation to the project. Projects requiring continuing appropriations will require City Council action through programming within the CIP or through a separate appropriation to the project.
- 10.7 Each fiscal year, on June 30, the balance of each CIP project must be zero or have a positive balance by fund. Projects in excess of the budget from all funding sources (i.e., with a negative balance) shall be treated as follows:
 - (1) If the project balance exceeds the budget by \$100,000 or less, the project account shall first be corrected within each fund and, second, any remaining negative balance shall be corrected by a transfer from the project manager's department Operating Budget (all transfers of \$100,000 or less shall be made as provided for in Section 6.2); or
 - (2) If the project balance exceeds the budget by more than \$100,000, the project account shall be submitted to City Council for approval by resolution of a corrective plan of action.

- 10.8 Except in the General Fund, the City Manager is authorized to transfer appropriations up to and including \$100,000:
- (1) From Project A to Project B if:
 - (a) Project A is complete and has savings; or
 - (b) Project A has not been 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.
- 10.9 Upon completion and closure of a capital project, the City Manager is authorized to transfer any remaining project balance:
- (1) To the available fund balance of the respective fund, the Capital Projects Base Reserve in the Utilities CIP or, in the case of the General Fund, Administrative Contingency; or
 - (2) As provided for in Section 10.8.
- 10.10 Except as provided for in Section 10.9, 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.
- 10.11 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 may 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.

10.12 Measure A Sales Tax (Funds 2001 and 2005) and New Measure A Construction/Projects (Funds 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 CIP projects in these funds is done prior to receiving funding. Project funding/appropriations shall be as follows:

- (1) The City Manager is authorized to enter the revenue/expenditure budgets as reflected in the Approved Budget (revenues) and CIP 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.

10.13 Projects funded by the following reimbursable funds are included within the Operating and CIP 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 CIP 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 agreements (Program Supplements/E-76's, Individual Project Agreements (IPA), Cooperative Agreements, etc.) have been executed 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 Budget 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.

- 10.14 The CIP Budget may 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 Budget 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 provided the Credit Projects were included in a Capital Budget approved by the City Council or in a separate action by Council.
- 10.15 The CIP Budget (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 (EFP)

- 11.1 City Council approval is required for the establishment and/or cancellation (without completion) of an operating grant/EFP, except as follows:
- (1) Where the operating grant/EFP 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 Budget or by any subsequent approval by the City Council or by the City Manager in accordance with this resolution; or
 - (b) Matching funds from City resources; or
 - (c) Any ongoing service or funding by the City.
 - (2) Where the City Manager is authorized to establish operating grants/EFP in excess of \$100,000, and to 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 The City Manager is authorized to adjust staffing levels and associated service and supplies, in accordance with Section 5.2, for renewals or expansions of fully offset grants previously approved by City Council.
- 11.3 If the grantor of a grant/EFP requires City Council action, as a condition of funding the grant/EFP, then establishment of the grant/EFP shall require approval by the City Council regardless of the grant amount.
- 11.4 Operating grants/EFP appropriated in the Approved Budget do not require additional City Council approval to be expended upon receipt of such grants or funds for EFP.
- 11.5 All multi-year operating grant/EFP budgets in existence on June 30, 2010, shall be continued in FY2010/11.
- 11.6 The City Manager is authorized to adjust revenue and expenditure budgets for renewals, up to the amount previously approved by City Council, and augmentations up to \$100,000 of fully offset grants and externally funded programs.
- 11.7 Each fiscal year, on June 30, the balance of each grant/EFP budget must be zero or have a positive balance by fund. Grants/EFP in excess of the budget from all funding sources (i.e., with a negative balance) shall be treated as follows:
 - (1) If the project balance exceeds budget by \$100,000 or less, the project account shall first be corrected within each fund and, second, any remaining negative balance shall be corrected by a transfer from the project manager's department Operating Budget (all transfers of \$100,000 or less shall be made as provided for in Section 6.2); or
 - (2) If the project balance exceeds budget by more than \$100,000, the project account 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, Infill and Low-Income Fee-Waiver programs);
 - (2) Planning, audit, and other consultant studies that will take more than one fiscal year to complete; and
 - (3) Other projects and activities that are multi-year in nature and are not capital improvement projects.
- 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, 2010, 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 (i.e., with negative balances) shall be treated as follows:
- (1) If the project balance exceeds budget by \$100,000 or less, the project account shall first be corrected within each fund and, second, any remaining negative balance shall 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) If the project balance exceeds budget by more than \$100,000, the project account 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 (Fund 6010), Parking (Fund 6004), and Sacramento Marina (Fund 6009) 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 FY2010/11 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 by fund at the department level shall exceed the Approved Budget as amended by any subsequent approval by the City Council or by the City Manager in accordance with this resolution.

16.2 Subject to approval by the City Manager and pursuant to the sections governing transfers and appropriations, projected deficiencies in any department by fund shall be corrected by:

- (1) Reducing expenditures in the department (e.g. freezing vacant positions, restricting purchase orders, etc.); or

- (2) Making an appropriation transfer from administrative contingency and/or available fund balance subject to the provisions of Section 6.

16.3 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; and
- (4) Adjust budgets in the CIP project funds for the current year based on previous actions of the City Council for projects on a multi-year basis.
- (5) Adjust Department FTE positions to reflect the elimination of positions identified through the POD and Vacancy efforts, expenditure budgets, and revenue budgets in order to implement City Council direction and intent.
- (6) Adjust appropriations and the reporting structure for City Council wireless telecommunication accounts to more accurately reflect revenue and expenditures on an annual basis. Unobligated appropriations in existence on June 30, 2010, in the existing wireless CIP accounts shall be transferred to the new operating budget accounts.

- 16.4 In all staff reports that come before the City Council, net budgetary impacts on all funds shall 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.

Table of Contents

- Exhibit 1 – Summary of Changes in Appropriations
- Exhibit 2 – Summary of FTE by Fund by Department
- Exhibit 3 – Approved Operating Budget
- Exhibit 4 – Approved Capital Budget

Adopted by the City of Sacramento City Council on June 22, 2010, by the following vote:

Ayes:

Noes:

Abstain:

Absent:

Mayor Kevin Johnson

Attest:

Shirley Concolino, City Clerk

Exhibit 1

FY2010/11 Appropriation/Augmentation Summary

Department	Fund(s)	Revenue Adjustment	Expenditure Adjustment	Net Change	Unfunded FTE Change	Funded FTE Change	Description
Convention, Culture and Leisure	General Fund (1001)	\$ -	\$ 150,000	\$ 150,000	-	-	Restore \$150,000 in FY2010/11 to fund the Cultural Arts Awards program. This funding will be restored from the City Manager's Office designated Arts Stabilization funding, one-time resources.
Arts Stabilization Reserve	General Fund (1001)	\$ -	\$ (150,000)	\$ (150,000)	-	-	Restore funding for the Cultural Awards program to be funded with a transfer of \$150,000 (in addition to the base budget of \$211,000 in Non-Department).
Fire	General Fund (1001)	\$(1,600,000)	\$ 1,600,000	\$ -	(12.00)	12.00	Restore funding for 1 Fire Company in FY2010/11 by recognizing higher than predicted Fire Department revenues in FY2009/10, based on what has been received to date and authorize the carryover of up to \$1 million into FY2010/11, and adjust the Fire Department FY2010/11 revenue budget for the Fire Cost Recovery Program.
Fire	General Fund (1001)	\$ -	\$ 1,600,000	\$ 1,600,000	(12.00)	12.00	Restore funding for 1 Fire Company in FY2010/11 to be funded with \$1.6 million in ongoing and one-time funding sources identified below.
Fire	General Fund (1001)	\$ -	\$(1,600,000)	\$ (1,600,000)	-	-	Restoration of 1 Fire Company in FY2010/11 will be funded from the following sources: (1) defer the Internal Budget Analyst for one year (\$400k); (2) use Payment In Lieu Of Taxes (PILOT) funding (\$420k); redirect funding for public campaign financing (\$300k); redirect half of the available electronic billboard funding (\$180k); and redirect one-time cell tower funding proportionally from the Council District accounts (\$300k).
General Services	General Fund (1001)	\$ -	\$ -	\$ -	(1.00)	1.00	Restoration of Animal Care Volunteer Coordinator to be offset with a base reduction to the Department's operating budget.
Parks and Recreation	Landscaping and Lighting (2232)	\$ -	\$ (245,000)	\$ (245,000)			Reduce funding in Parks and Recreation capital improvement projects to be used for Park maintenance, which will provide General Fund resources to restore activities in economically challenged neighborhoods.
Parks and Recreation	Landscaping and Lighting (2232)	\$ -	\$ 245,000	\$ 245,000			Restore Parks and Recreation activities in economically challenged neighborhoods by reducing General Fund support for park maintenance by redirecting L&L funding to park maintenance operations from capital projects.
Parks and Recreation	Special Recreation (2504)	\$ -	\$ 497,889	\$ 497,889			Restore Parks and Recreation programs (school programs for children, community centers, senior center and services, and aquatics programming) in economically challenged neighborhoods, to be funded with a transfer from the Special Recreation fund. An additional \$202,111 will be transferred to fund the restored programs for the FY2011/12 summer programs.
Fund Reserves	Special Recreation (2504)	\$ -	\$ (497,889)	\$ (497,889)			Transfer from Special Recreation fund balance to the Parks and Recreation Department to restore programs. An additional \$202,111 will be transferred to fund the restored programs for the FY2011/12 summer programs.
Transportation	Parking Fund (6004)	\$ -	\$(1,648,000)	\$(1,648,000)	-	-	Transfer Sheraton Hotel sales proceeds from the Parking Fund to the General Fund for use in restoring Police Department operations and to provide funding for the first 30 days of the \$5.6 million in labor concessions.
Non-Department	General Fund (1001)	\$ -	\$ 648,000	\$ 648,000	-	-	To provide additional time for the City to reach agreement with labor unions whose contracts expire on June 18, 2010, funding for the first 30 days of the \$5.6 million in labor concessions will be transferred from the Parking Fund (Sheraton Hotel sales proceeds) to the General Fund.
General Fund Designation for FY2011/12	General Fund (1001)	\$ -	\$ 500,000	\$ 500,000	10.00	10.00	Establish a designation to be used for the addition of 10 FTE Police Officers in the FY2011/12 Proposed Budget, funded from a transfer from the Parking Fund (Sheraton Hotel proceeds).
Police	General Fund (1001)	\$ -	\$ 500,000	\$ 500,000	-	10.00	Add 10.0 Police Officer FTE and appropriate \$500,000 of the \$1 million in Sheraton Hotel proceeds to fund the first year of the three year plan to hire 30 additional Police Officer positions.

FY2010/11 New Capital Improvement Program (CIP) / Mult-Year Operating Projects

Project Number	Project Name	Project Description / Scope
E11005200	Police Contract Services	Establish a new operating project to be used to track off-duty police officer services provided to outside agencies, private establishments, non-profits, etc.
I14110100	Sewer System Management Plan	Establish a new operating project to create a long term replacment policy governing the sanitary sewer system.
I15001211	City of Festivals Program	Establish a new operating project to promote special events, as they are an important component of the local economy. The \$100,000 annual budget will come from the Parking Fund.

FY2010/11 CIP / Multi-Year Operating Revenue/Expenditure Budget Adjustments

Project Number	Project Name	Fund	Fund #	Current Budget	Available Budget	FY2010/11 Budget Adjustment*
E11005200	Police Contract Services	Externally Funded Program	2703	-	-	1,785,000
I06000300	Infill Program	General Fund	1001	261,195	-	1,000
I06000400	Low Income Waiver/Deferral Program	General Fund	1001	1,312,000	-	1,000
I14010100	Flood Control Planning	Storm Drainage	6011	220,000	-	305,000
I14010200	FY10-14 NPDES	Storm Drainage	6011	1,000,000	200,000	1,000,000
I14010300	Sac River Source Water	Water	6005	64,390	-	32,000
I14010301	Sac River Keep Our Waters Clean	Water	6005	30,000	-	30,000
I14010400	Amer River Source Water	Water	6005	10,430	-	21,000
I14010401	Amer River Keep Our Waters Clean	Water	6005	25,000	-	25,000
I14010500	Water Meter Repl Program	Water	6005	350,000	100,000	700,000
I14110100	Sewer System Mgmt Plan	Sewer	6006	-	-	175,000
I15001211	City of Festivals Program	Parking	6004	-	-	100,000
I22200100	N. Natomas Administrative Control	N. Natomas Comm. Improvement	3201	6,005,540	97,176	500,000
L19701200	Citywide L&L Park Repair	Landscape and Lighting	2232	201,761	91,134	(91,134)
L19702000	Playground Safety Improv./Repairs	Landscape and Lighting	2232	525,000	170,685	(153,866)
Y14000900	Solid Waste Facility Repair & Rehab.	Solid Waste	6007	-	-	560,000
Z14006400	FWTP Low Lift Pumps	Water	6005	750,000	749,463	(749,000)
Z14009300	AMI: Meter Reading	Water	6005	1,225,000	896,552	(845,000)
Z14010000	Residential Water Metering Project	Water	6005	1,613,975	1,039,990	845,000
Z14110100	Well Rehab Program	Water	6005	-	150,000	749,000

* Budget adjustments are in addition to funding identified in the 2010-2015 Proposed CIP.

Exhibit 2

Summary of FTE by Fund and Department

FY2010/11 Full Time Equivalent (FTE) Positions by Fund, by Department

Fund / Department	POD/			Council Restorations	Grand Total
	Base	Management Partners	Vacancies		
General Fund (1001)					
City Attorney	49.00	(1.00)	-	-	48.00
City Clerk	11.00	(1.00)	-	-	10.00
City Manager	20.00	(2.00)	-	-	18.00
City Treasurer	13.00	(1.00)	-	-	12.00
Code Enforcement	90.00	(9.00)	(1.00)	-	80.00
Community Development	105.50	(12.00)	(5.00)	-	88.50
Convention, Culture & Leisure ⁽¹⁾	102.26	(2.00)	(5.07)	-	95.19
Economic Development	21.00	(2.00)	(1.00)	-	18.00
Finance	75.50	(1.00)	(3.50)	-	71.00
Fire	632.00	(2.00)	(44.00)	25.00	611.00
General Services	154.00	(8.00)	(4.00)	1.00	143.00
Human Resources	25.80	(1.00)	(0.80)	-	24.00
Information Technology	54.00	-	-	-	54.00
Labor Relations	8.00	(1.00)	-	-	7.00
Mayor/Council	36.50	-	-	-	36.50
Neighborhood Services	9.00	(2.00)	-	-	7.00
Parks and Recreation ⁽²⁾	363.07	(54.05)	(7.00)	25.82	327.84
Police ⁽¹⁾	1,129.36	(25.50)	(53.90)	10.00	1,059.96
Transportation	364.75	(2.00)	(13.50)	-	349.25
Subtotal General Fund	3,263.74	(126.55)	(138.77)	61.82	3,060.24
START (2501)					
Parks and Recreation	165.50	1.00	-	-	166.50
Parking (6004)					
Transportation	59.25	-	-	-	59.25
Water (6005)					
Utilities	246.50	-	-	-	246.50
Sewer (6006)					
Utilities	70.50	-	-	-	70.50
Solid Waste (6007)					
Utilities	160.00	-	-	-	160.00
Sacramento Marina (6009)					
Convention, Culture & Leisure	7.80	-	-	-	7.80
Community Center (6010)					
Convention, Culture & Leisure	93.15	-	-	-	93.15
Storm Drainage (6011)					
Utilities	216.50	-	-	-	216.50
4th R Program (6012)					
Parks and Recreation	145.49	-	-	-	145.49
Fleet Management (6501)					
General Services	104.00	-	-	-	104.00
Risk Management (6502)					
Human Resources	20.00	-	-	-	20.00
Worker's Compensation (6504)					
Human Resources	20.00	-	-	-	20.00
City/County Office of Metropolitan Water Planning (CCOMWP, 7103)					
Utilities	4.00	-	-	-	4.00
Grand Total	4,576.43	(125.55)	(138.77)	61.82	4,373.93

(1) Vacancies have been adjusted to reflect contractual obligations, span of control, and service levels.

(2) includes 23.29 FTE that will be eliminated after July 1, 2010.

Exhibit 3

Insert

FY2010/11 Approved Operating Budget

Exhibit 4

Insert

Approved 2010-2015 Capital Improvement Program