



City of Sacramento City Council

915 I Street, Sacramento, CA, 95814
www.CityofSacramento.org

Meeting Date: 2/1/2011

Report Type: Staff/Discussion

Title: Update on the Development of the FY2011/12 Proposed Budget

Report ID:

Location: Citywide

Recommendation: Receive and file.

Contact: Leyne Milstien, Finance Director, (916) 808-8491

Presenter: Leyne Milstien, Finance Director, (916) 808-8491

Department: Finance

Division: Finance

Dept ID: 06001011

Attachments:

1- Powerpoint Presentation

City Attorney Review

Approved as to Form
Candra Talbott

City Treasurer Review

Treasurer Comments are forthcoming
City Treasurer

Approvals/Acknowledgements

Department Director or Designee: Leyne Milstien

Assistant City Manager: Patti Bisharat



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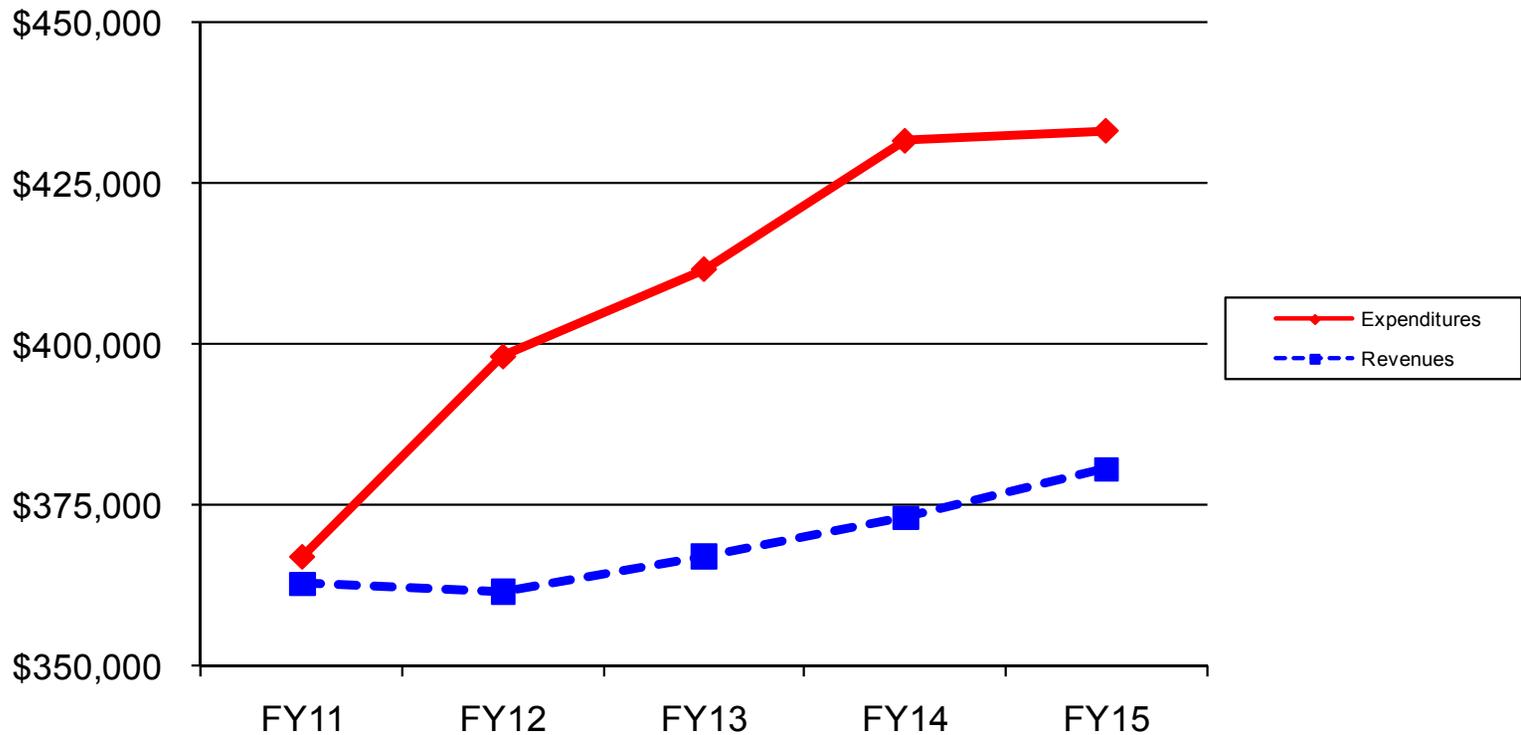


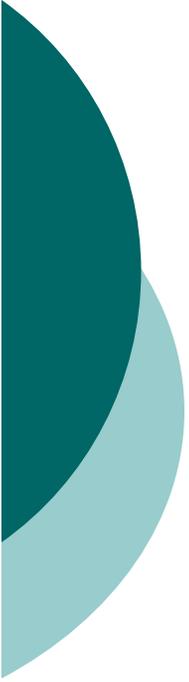
***Update on the
Development of the
FY2011/12 Proposed Budget***

Update on the Development of the FY2011/12 Proposed Budget

- Projected deficit for FY2011/12 is \$35-40 million

**General Fund 5 Year Forecast
(in 000s)**



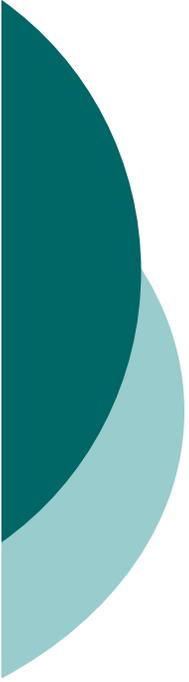


Update on the Development of the FY2011/12 Proposed Budget

- Property tax remains flat
 - Equal to FY2005/06 levels

- Sales Tax estimated to grow at 1%
 - Equal to FY2003/04 levels

- Utility User Tax estimated to grow at 2%
 - Equal to FY2003/04 levels



Update on the Development of the FY2011/12 Proposed Budget

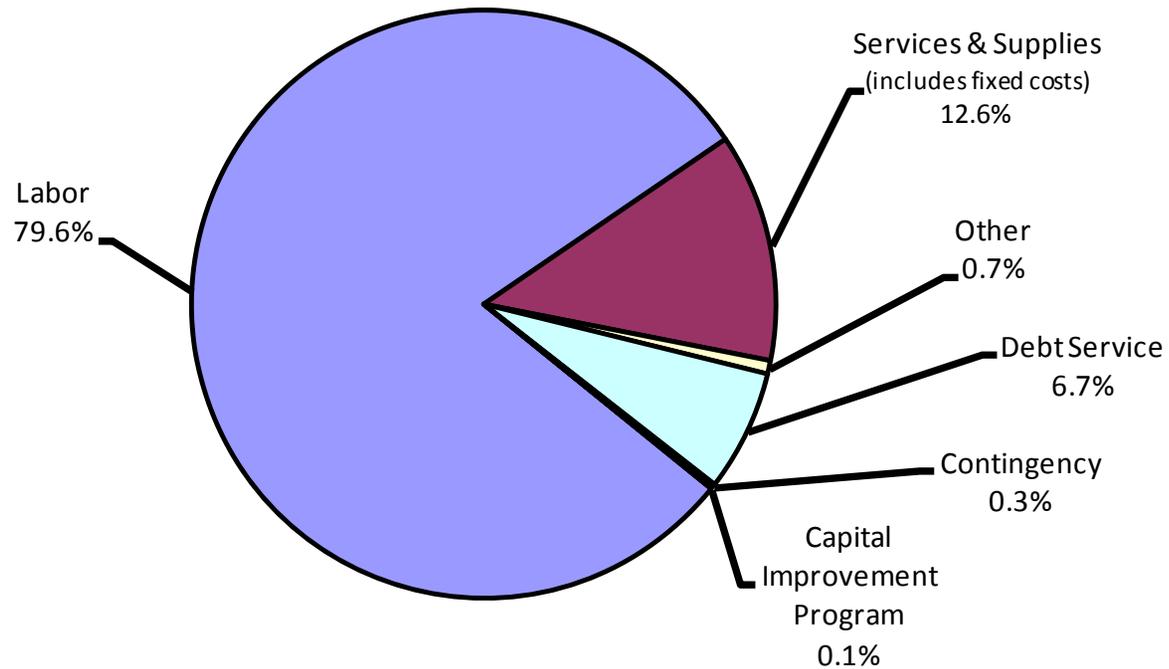
Factors driving cost increases

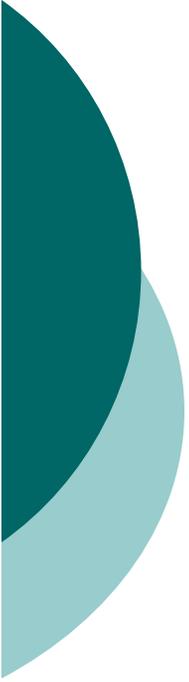
- Use of one time funds to balance FY2010/11 roll over to FY2011/12
- Labor contracts
- PERS increases
- Staffing and operations costs for new facilities
- Implementation of Proposition 218 corrections

Update on the Development of the FY2011/12 Proposed Budget

Projected deficit represents a 20% reduction in costs

FY2010/11 General Fund Expenditures

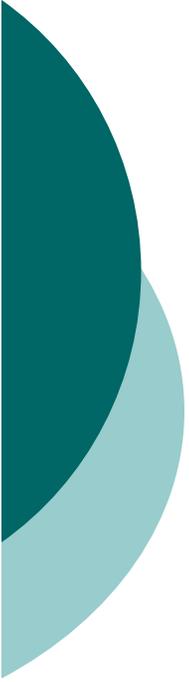




Update on the Development of the FY2011/12 Proposed Budget

Long Term Budget Improvement Strategy

Fiscal Yr	Action(s)	Impact
FY10/11	Eliminate vacancies; labor concessions; dept reductions	Closed \$43m deficit
FY11/12	Reduce costs by 20%; Implement Recovery Plan	Close \$35-40m deficit
FY12/13	Recovery Plan results; continue cost reduction effort; rebuild Economic Reserve	Achieve sustainable budget
FY13/14	Develop vision for organization & priorities to restore services	Maintain budget sustainability
FY14/15	Implement organization vision	Align budget with priorities



Update on the Development of the FY2011/12 Proposed Budget

Proposed Budget Principles for FY2011/12 to achieve a Sustainable Budget

- Maintain core service levels to community
- No use of one-time funds
- Rebuild the economic uncertainty reserve
- Manage cash flow
- Reduce costs for service delivery



Update on the Development of the FY2011/12 Proposed Budget

Next steps

- February – Strategies and options to Council for direction
- March/April – Community Outreach
- May 1 – Proposed Budget released
- May/June – Budget Hearings