



# City of Sacramento City Council

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**Meeting Date:** 5/24/2011

**Report Type:** Staff/Discussion

**Title:** FY2011/12 Proposed Budget for the Mayor/Council, and Charter Offices

**Report ID:** 2011-00518

**Location:** Citywide

**Recommendation:** Provide direction and adopt an intent motion to approve the FY2011/12 budgets for the Mayor/Council and Charter Offices as proposed to be amended.

**Contact:** Virginia Smith

**Presenter:** Bill Edgar, Betty Masuoka

**Department:** Finance

**Division:** Budget Office

**Dept ID:** 06001411

## **Attachments:**

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1-Description/Analysis

2-Attachments 1-5

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## **City Attorney Review**

Approved as to Form

Larry Duran

5/20/2011 1:54:04 PM

## **Approvals/Acknowledgements**

Department Director or Designee: Leyne Milstein - 5/20/2011 10:50:12 AM

Assistant City Manager: Cassandra Jennings - 5/20/2011 11:40:51 AM



## Description/Analysis

**Issue:** This report transmits the FY2011/12 Proposed Operating Budget details for the Mayor and City Council, City Attorney, City Clerk, City Manager, and City Treasurer. Details of the departments' operating budgets are in Attachments 1-5.

The Proposed Budget includes a reduction of \$125,000 in the City Manager's Office. Also included in the Proposed Budget is a placeholder reduction in Non-Department of \$830,500 including \$247,500 for the Mayor and City Council and \$583,000 for the City Attorney, City Clerk, and City Treasurer.

This report provides two options (Attachment 1) to achieve the \$247,500 in reductions in the Mayor and City Council budget. Staff is recommending consideration of these options and requesting Council direction to implement the reductions. In addition, this report also outlines the details of the \$583,000 in reductions (Attachments 2-5) in the various Charter Offices.

**Policy Considerations:** After three consecutive years of reductions, the City continues the monumental task of rightsizing the organization. Given the size of the challenge, and the fact that ongoing efforts to align revenues and expenditures have not been able to keep pace with the revenue declines in prior years and significant year-to-year expenditure increases, it is critical that future reduction efforts reflect the need to initiate major permanent changes to ensure long-term fiscal sustainability.

On May 12, 2011, the City Council approved the following parameters to be used for reconsideration of cuts:

- FY2011/12 actions need to be considered within a multi-year context; the budget process must be a continuous conversation
- The Reserve for Economic Uncertainty will not be used
- One-time cuts will not be used to replace permanent cuts
- Any new revenue proposals will not be used until implemented
- Any labor concessions will be used to mitigate reductions in that bargaining group only during the concession period

Closing the gap will require difficult decisions about program priorities and levels of service, and will require discipline to ensure that the solutions implemented address the City's long-term financial challenges.

### Environmental Considerations:

**California Environmental Quality Act (CEQA):** This report concerns administrative activities that will not have a significant effect on the environment, and that do not constitute a "project" as defined by CEQA Guidelines Sections 15061(b)(3); 15378(b)(2).

**Sustainability:** Not applicable.

**Commission/Committee Action:** Not applicable.

**Rationale for Recommendation:** The severe economic downturn impacting the nation, state, and City require that significant budget reductions be implemented in order to stabilize the City's budget and continue the process of returning the General Fund budget to sustainability.

**Financial Considerations:** The City must close the \$39 million gap between revenues and expenses in the General Fund to achieve a fiscally sustainable budget. The deficit will persist unless permanent corrective actions are taken to change the City's revenue and cost structures as well as the complement of services delivered in order to create a financially sustainable way to meet the most critical needs of our community. The following summarizes the proposed reductions to the Mayor and City Council and Charter Office budgets, the details of which are included in Attachments 2-5:

- The Mayor and City Council budget will be reduced by \$247,500.
- The City Attorney's budget will be reduced by \$422,000 and 2.0 FTE.
- The City Clerk's budget will be reduced by \$30,000.
- The City Manager's budget will be reduced by \$125,000 and 1.0 FTE (as included in the Proposed Budget).
- The City Treasurer's reliance on the General Fund will be reduced by \$131,000 through increased revenues.

**Emerging Small Business Development (ESBD):** Not applicable.



## Mayor and City Council

The Mayor and City Council consists of a Mayor and eight Councilmembers and acts as the policy-making body for the City of Sacramento. The goal of the Council is to govern the City in a manner that is both responsive to the needs and concerns of the City residents and is financially sound. To accomplish this, the Mayor and Council pass City ordinances, establish policy for administrative staff by resolution, approve new programs, and adopt the annual budget. The Mayor and Council also act as the Commission for the Redevelopment Agency and Housing Authority. In addition, Councilmembers are appointed by the Mayor to serve on various regional boards, commissions, and joint powers authorities as representatives of the City.

The Mayor and City Council operations also include the Office of the City Auditor, the Independent Budget Analyst office, and a grant-funded Chief Service Officer position.

For FY2010/11, the Council redirected the funding for the Independent Budget Analyst Office as part of the restoration of brownouts in the Fire Department. Because this was a one time action, the funding (\$396,817) has been restored in the Proposed Budget.

## Mayor and City Council Impacts

**Reduction:** The Mayor and City Council budget will be reduced by \$247,500. Two options to achieve this reduction are presented below:

1. Reduce each Councilmember's discretionary account by 50%; or
2. Merge all the Councilmembers' discretionary funds (discretionary account, wireless, and billboard), reduce these funds by \$247,500 and equally spread the remainder.

**Impact:** Strategies and related impacts for the targeted \$247,500 reduction will be discussed at the budget hearing.

## Mayor & City Council Staffing

	FY2010/11 Amended	FY2011/12 Proposed	Change
Administrative Technician	1.00	1.00	-
Auditor	3.00	3.00	-
Chief of Staff to the Mayor	1.00	1.00	-
City Auditor (Internal Audit Mngr)	1.00	1.00	-
City Council	4.00	4.00	-
Council Operations Manager	1.00	1.00	-
District Director	8.00	8.00	-
Executive Assistant (Ex)	10.50	10.50	-
Independent Budget Analyst	1.00	1.00	-
Management Analyst	1.00	1.00	-
Mayor	1.00	1.00	-
Senior Management Analyst	1.00	1.00	-
Special Assistant to the Mayor	2.00	2.00	-
Staff Assistant (Ex)	1.00	1.00	-
<b>Operating Unit</b>	<b>36.50</b>	<b>36.50</b>	<b>0.00</b>

**Attachment 2****City Attorney**

The City Attorney serves as the legal advisor to the City Council, City Officers and Department staff, boards and commissions as well as the Sacramento Parking Authority, the Sacramento City Financing Authority, and Sacramento Regional Arts Facilities Financing Authority. The City Attorney's Office provides legal representation in criminal, civil and administrative litigation, renders advice and counsel, and prepares ordinances, resolutions, contracts, opinions and other legal documents for the City and the related entities. The City Attorney's Office is organized into three operational sections (Litigation, Neighborhood Safety and Nuisance Abatement, and Transactional/Advisory) and administration.

**City Attorney Impacts**

The reliance of the Office of the City Attorney budget on the net General Fund budget for FY 2011/2012 is proposed to be reduced by \$422,000 and CAO staffing reduced by 2.0 FTE as follows:

**Office-wide**

**Reduction:** Net General Fund savings \$200,000 due to 12 furlough days per year for all 46 CAO staff.

**Impact:** Furloughs by the CAO attorneys will result in a total loss of attorney productivity equivalent to at least three attorney FTEs. This estimate is based upon 96 hours furlough plus the impacts of the Fair Labor Standards Act limitations causing the loss of hours worked per week exceeding 40 hours during a furlough period. CAO furloughs combined with the Police Department's elimination of the POP teams will likely require cessation of the Justice For Neighbors and PopLaw Programs, with no new cases added and existing cases dispositioned. As CAO workload is determined by outside factors beyond the CAO's control, such as lawsuits, third party and employee conduct, etc. this loss of attorney capacity may result in the need for the City to retain outside counsel at the expense of the department involved. Legal opinion issuance and contract and ordinance drafting and review times will be increased.

**Reduction:** Net General Fund Savings of \$40,000 by eliminating 1.0 FTE LAN Administrator, net of alternative technology support costs.

**Impact:** Through a cooperative arrangement with the Information Technology Department and performance of internal computer support services by a Paralegal who is temporarily working out of class, pending reclassification based upon the combined duties, the CAO's significant technology network should be adequately supported.

Reduction: Net General Fund Savings of \$72,000 by eliminating 1.0 FTE legal secretary position.

Impact: Current secretarial workloads should be managed by assignment reallocations.

Reduction: Net General Fund Savings of \$100,000 by reducing Litigation funding by 50%.

Impact: Unforeseen litigation costs not covered by the Risk Fund will have to be paid by the Department involved in the litigation.

Revenue: Additional general fund revenue of \$10,000 for performance of legal services for the Sacramento Library Authority.

Impact: None. Services already being performed.

## City Attorney Staffing

	FY2010/11 Amended	FY2011/12 Proposed	Change
Assistant City Attorney	2.00	2.00	-
City Attorney	1.00	1.00	-
Deputy City Attorney II	2.00	2.00	-
Investigator	1.00	1.00	-
LAN Administrator	1.00	-	(1.00)
Law Office Administrator	1.00	1.00	-
Legal Secretary (Exempt)	9.00	8.00	(1.00)
Legal Staff Assistant (Exempt)	1.00	1.00	-
Paralegal (Exempt)	3.00	3.00	-
Senior Deputy City Attorney	20.00	20.00	-
Senior Legal Staff Asst (Exempt)	1.00	1.00	-
Special Assistant to City Attorney	1.00	1.00	-
Supervising Deputy City Attorney	3.00	3.00	-
Supervising Legal Secretary	2.00	2.00	-
<b>Operating Unit</b>	<b><u>48.00</u></b>	<b><u>46.00</u></b>	<b><u>(2.00)</u></b>

**Attachment 3****City Clerk**

The City Clerk serves as the Clerk of the City Council and is responsible for the preparation of agendas, the recording and maintenance of all Council actions, and the preparation and filing of public notices. The City Clerk is also the Elections Officer for the City and the Filing Officer/Official for Fair Political Practices Commission requirements.

**City Clerk Impacts**

Reduction: The City Clerk's Office is proposing \$30,000 in reductions for FY2011/12 as follows:

- A one-time transfer from the City Clerk's Technology Capital Improvement Program (CIP) A04000100 to the operating budget in the amount of \$30,000. Over the next fiscal year, the services provided by the City Clerk's Office will be reviewed to determine what could be eliminated or reduced to reach \$30,000 in permanent cuts. Service impacts could include reduction and/or elimination of vendor services such as video streaming components, electronic campaign disclosure filings, off-site records storage, technological maintenance of the council chamber, reduction in operating hours to a 4/9 schedule (32 hour workweek), or elimination of full time FTE.

Impact: Service impacts could include reduction and/or elimination of vendor services such as video streaming components, electronic campaign disclosure filings, off-site records storage, technological maintenance of the council chamber, reduction in operating hours to a 4/9 schedule (32 hour workweek), or elimination of full time FTE.

In addition, the City Clerk's Office will be closed every Friday, which will impact the public's access to services. However, the move to extend office hours Monday through Thursday will increase the availability of staff as well as the total number of concentrated services hours devoted to customers.

## City Clerk Staffing

	FY2010/11 Amended	FY2011/12 Proposed	Change
Administrative Assistant	1.00	1.00	-
Assistant City Clerk	2.00	2.00	-
City Clerk	1.00	1.00	-
Deputy City Clerk	4.00	4.00	-
Program Manager	1.00	1.00	-
Senior Deputy City Clerk	1.00	1.00	-
Senior Staff Assistant	-	-	-
<b>Operating Unit</b>	<b>10.00</b>	<b>10.00</b>	<b>0.00</b>

**Attachment 4****City Manager**

The City Manager is the Chief Executive Officer of the City and provides the leadership and direction for the operation and management of all City departments. The City Manager is responsible for the enforcement of all laws and ordinances, coordination of all municipal programs and services, and making recommendations to the Mayor and City Council, as appropriate, concerning the operation, annual budget and future needs of the City. The City Manager's Office provides for the effective implementation of the Mayor and City Council's policies and priorities.

The City Manager's office also includes the Public Information Office, Legislative Affairs, e-Government, Office of Emergency Services, and the Office of Public Safety and Accountability.

**City Manager Impacts**

**Reduction:** The City Manager's office will be reduced by \$125,000 and 1.0 FTE.

**Impact:** The elimination of an Administrative Assistant will require redistribution of support assignments, increased workload for the remaining staff and delays in responding to requests; reduced capacity to proactively manage the City's legislative program; reduced capacity to utilize specialized legislative advocacy services on critical City priorities; and reductions in services and supplies budget.

## City Manager Staffing

	FY2010/11 Amended	FY2011/12 Proposed	Change
Administrative Analyst	2.00	2.00	-
Administrative Asst (Conf/Ex)	3.00	2.00	(1.00)
Administrative Technician	1.00	1.00	-
Assistant City Manager	3.00	3.00	-
City Manager	1.00	1.00	-
Director of PubSafety Acctblty	1.00	1.00	-
E-Government Manager	1.00	1.00	-
Media & Communications Ofcr	1.00	1.00	-
Program Manager	1.00	1.00	-
Special Projects Manager	2.00	2.00	-
<b>Operating Unit</b>	<b><u>16.00</u></b>	<b><u>15.00</u></b>	<b><u>(1.00)</u></b>

## City Treasurer

The City Treasurer is responsible for the receipt, investment, disbursement, and safekeeping of all City funds. Additionally, City Council has provided that the City Treasurer shall also provide public finance and debt issuance services for the City.

## City Treasurer Impacts

Reduction: The Office of the City Treasurer proposes to further reduce net General Fund costs through increasing revenues by at least \$131,000:

- Increase fees for management of assessment and community facility district debt. The administration of these debt issues has become much more labor intensive in the economic downturn.
- Increase Treasury Pool management fee by 0.01 percent (one basis point).

In addition, a new vendor payment program is being implemented with the City's operating bank. Some vendor and contractor payments will be processed as if they were credit card transactions. The bank will share the credit card payment discount with the City. This will reduce City payments to vendors enrolled in the program. The cost reduction will be spread throughout the City funds.

Impact: No cost reduction estimates from this source are included in the budget as the program has yet to be implemented.

## City Treasurer Staffing

	FY2010/11 Amended	FY2011/12 Proposed	Change
Administrative Asst (Conf/Ex)	1.00	1.00	-
Chief Investment Officer	1.00	1.00	-
City Treasurer	1.00	1.00	-
Investment & Operations Mgr	1.00	1.00	-
Investment Operations Analyst	1.00	1.00	-
Senior Debt Analyst	2.00	2.00	-
Senior Investment Officer	1.00	1.00	-
Systems Engineer	1.00	1.00	-
Treasury Analyst	2.00	2.00	-
Treasury Manager	1.00	1.00	-
<b>Operating Unit</b>	<b>12.00</b>	<b>12.00</b>	<b>0.00</b>