

June 7, 2011

AGENDA

- Background
- •Adopt Intent Motions regarding:
 - Arts Re-Granting
 - Golf Maintenance
 - Community Centers (Parks & Rec)
 - Fire
 - Approve SAFER Grant
 - Police

General Fund Challenge

Five Year General Fund Forecast:

\$ in 000s	Proposed				
	FY2011/12	FY2012/13	FY2013/14	FY2014/15	FY2015/16
Total Revenues/Resources	362,180	365,294	372,108	377,812	384,691
Total Expenditures	362,155	377,031	395,069	396,585	398,312
Annual Operating Surplus/(Deficit)	25	(11,737)	(22,961)	(18,773)	(13,621)
Cumulative Operating Results	25	(11,712)	(34,673)	(53,446)	(67,067)

Structural Deficit: \$39 M + \$23 M = \$62 M

Additional Potential Impacts to 5-Year Forecast:

- * SAFER Grant positions: \$2.6m/yr after FY13
- * Increased Labor Costs post current contract periods
- * Further use of "one-time" fixes

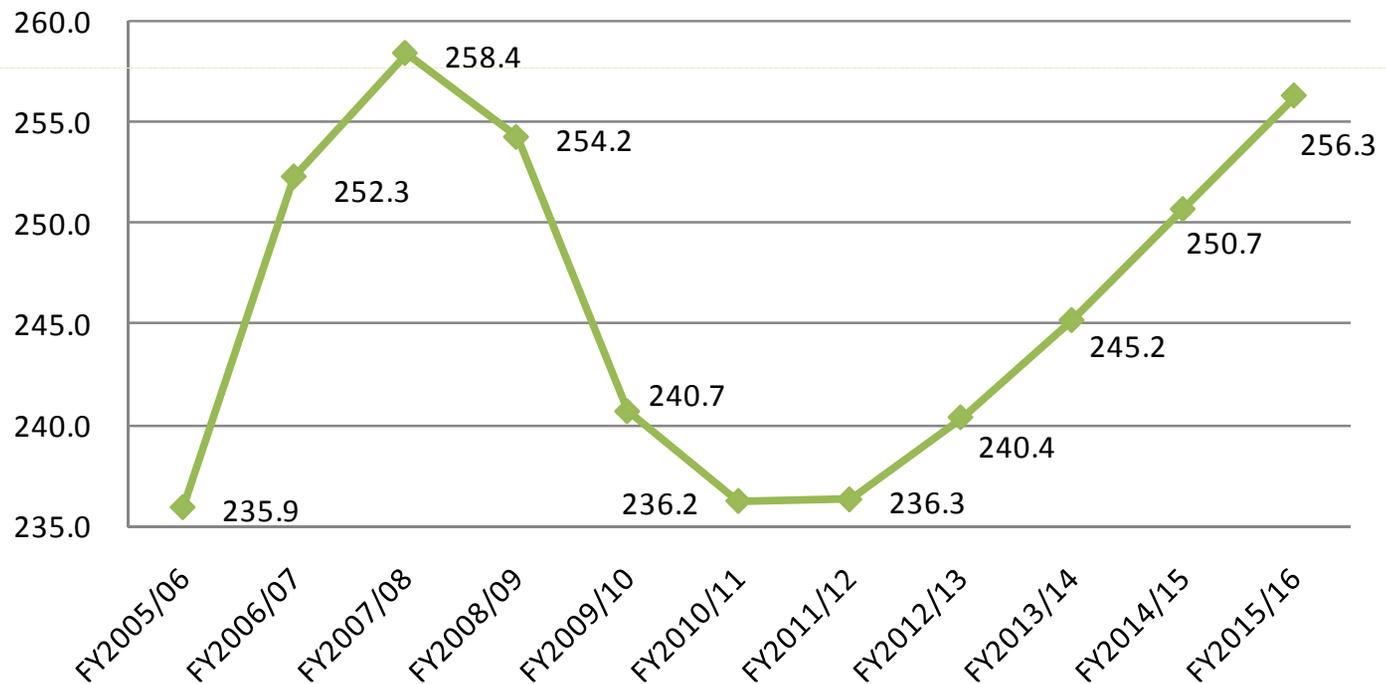


Council Adopted Parameters

- 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
- FY12 actions need to be considered within a multi-year context

Major General Fund Revenues

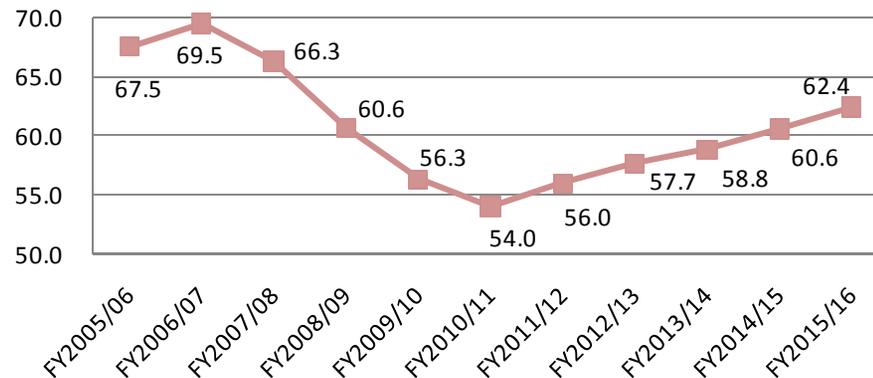
Property, Sales, UUT FY06-16
(\$ in millions)



Sales Tax Trends

	% CHANGE BY MONTH ENDED QUARTER						MOST RECENT FOUR QUARTERS
	08Q3	08Q4	09Q1	09Q2	09Q3	09Q4	% Chg
Past Year Cash Received	08Q3	08Q4	09Q1	09Q2	09Q3	09Q4	
Current Year Cash Received	09Q3	09Q4	10Q1	10Q2	10Q3	10Q4	% Chg
SACRAMENTO COUNTY	-20.5	-7.1	0.7	4.3	0.2	-4.3	0.1
CITY OF SACRAMENTO*	-18.1	-4.8	-4.7	0.9	-0.7	1.9	-0.6
ELK GROVE	-11.5	-6.6	-0.6	7.0	-1.9	5.9	2.6
FOLSOM	-7.4	-10.4	7.2	15.4	3.9	17.5	11.0
RANCHO CORDOVA	-19.3	4.8	0.7	27.1	61.8	23.2	27.9
CITRUS HEIGHTS	-7.4	-1.9	3.8	10.0	-4.5	2.3	2.7
GALT	-16.0	-10.0	6.7	20.8	14.3	14.1	14.2
ISLETON	-39.1	-19.2	8.0	21.0	8.7	9.1	11.8
STATE TOTAL	-14.8	-6.0	0.5	7.3	3.7	6.5	4.6

Sales Tax FY06-16
(\$ in millions)



Actions to Date

Meeting Date	Intent Motion Approved:	(\$ in 000's)	Deficit Correction
May 12, 2011	One time funding assumptions		\$4,600
	Additional Revenues		\$2,400
	Parks & Rec EXCEPT Community Center Closure		\$870
May 17, 2011	Comm Development Dept		\$1,329
	Conv, Culture & Leisure EXCEPT for Golf Maint.		\$294
May 24, 2011	Charter Offices/Mayor-Council		\$1,373
	Economic Development Dept		\$707
	Finance		\$592
	General Services Dept		\$1,547
	Human Resources Dept		\$240
	Information Technology		\$647
	Transportation Dept		\$480
	Utilities		n/a
May 31, 2011	Sac Public Library		\$792
	SCVB & SMAC		\$224
	Human Rights Fair Housing		\$19
	Sports Commission		\$10
			<u>\$16,124</u>

Open Issues to be Addressed

OPEN ISSUE	\$ IMPACT
Restore Cut to Arts Regranting	One-time cost of: \$64,000
Golf Maintenance Contracting Out	On-going cost of: \$552,000
Restore Community Center/Clubhouse Availability	On-going cost of: \$917,000
Reconsider Fire Dept Reductions	On-going cost of: \$9,108,000
Reconsider Police Dept Reductions	On-going cost of: \$12,197,000
TOTALS:	On-going: \$22,774,000 One-time: \$64,000

Funding Options

Funding Source	On-Going	One-Time
12 Days Furlough of Unrepresented		\$2,200,000
Wireless/Billboard	\$417,500	
Independent Budget Analyst		\$395,000*
SHRA Pass Through	\$470,000	
Arts Stabilization		\$730,000
TOTALS:	\$887,500	\$3,325,000

* Independent Budget Analyst is On-Going cost, but indentified as one-time until Council decision on what level of on-going funding is needed.

Program Recommendations

OPEN ISSUE	\$ IMPACT	RECOMMENDATION
Restore Cut to Arts Regranting	One-time cost: \$0	- Approve Proposed Budget (no restoration)
Golf Maintenance Contracting Out	On-going cost of: \$0	- Approve contract parameters; move forward with negotiations
Restore Community Center/Clubhouse availability	On-going cost of: \$459,188 ----- \$417,500: Wireless \$41,688: SHRA Pass thru	- Restore \$459,188 and 5.75 FTE - Internally fund \$283,237 - Seek Partner contributions of \$174,575
Reconsider Fire Dept Reductions	On-going cost of: \$0	- Approve Proposed Budget - Approve SAFER Grant - Direct any AB678 revenues to Fire Department
Reconsider Police Dept Reductions	On-going cost of: \$0	- Approve Proposed Budget - Add back 35 Officers if CHRP waiver received - SPD has applied for CHP grant for an additional 35 officers for 3 years.

Golf: Contract Parameters

- General Fund subsidy for maintenance & operation of the city Golf courses be eliminated
- Operations, maintenance, capital and debt costs be borne by Morton Golf
- Existing City Employees be given priority in hiring by Morton Golf
- Term of the contract be commensurate with investment made by lessee (Morton Golf)
- Transition to be effective between October 2011 and January 2012

Recommendations on Funding Options

Funding Source	On-Going	One-Time	Recommendation
12 Days Furlough of Unrepresented		\$2,200,000 \$0	Impose 6 days Furlough, use savings for safety net* and Restructuring
Wireless/Billboard	\$417,500 \$0		Use to restore Community Centers
Independent Budget Analyst		\$395,000	Do not use
SHRA Pass Through	\$470,000 \$428,312		Use \$41,688 for Community Centers
Arts Stabilization		\$730,000	Do not use

*Add \$1.1m Safety Net as contingency for budget implementation and restructuring. (\$1.1m pays for 6 furlough days; \$1.1m for safety net)