



# City of Sacramento City Council

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**Meeting Date:** 5/22/2012

**Report Type:** Staff/Discussion

**Title:** FY2012/13 Proposed Budget for Mayor and City Council, Charter Offices, Citywide and Community Support and the Departments of Community Development; Convention, Culture, and Leisure; Economic Development; Finance; General Services; Human Resources; Information Technology; Public Works; and Utilities and delivery of Supplemental Budget Information as available

**Report ID:** 2012-00357

**Location:** Citywide

**Recommendation:** Receive and file.

**Contact:** Leyne Milstein, Finance Director, (916) 808-8491; Dawn Holm, Budget Manager (916) 808-5574

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

**Department:** Finance

**Division:** Budget Office

**Dept ID:** 06001411

## Attachments:

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- 1-Description/Analysis
- 2-Consolidated Attachment

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## City Attorney Review

Approved as to Form  
Sheryl Patterson  
5/17/2012 2:21:59 PM

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Department Director or Designee: Leyne Milstein - 5/17/2012 1:13:24 PM

## Approvals/Acknowledgements



## Description/Analysis

**Issue:** This report transmits a summary of the FY2012/13 Proposed Operating Budget for the Mayor and City Council; Charter Offices; Community Development; Convention, Culture & Leisure; Economic Development; General Services; Public Works; Utilities, and Support Departments as well as for Citywide and Community Support. Details on the proposed reductions and changes are included in the FY2012/13 Proposed Budget ([http://www.cityofsacramento.org/finance/budget/proposed-budget-2012-13/FY2012-13\\_proposed\\_budget.cfm](http://www.cityofsacramento.org/finance/budget/proposed-budget-2012-13/FY2012-13_proposed_budget.cfm)).

The following charts summarize the proposed reductions to the departments included in this report necessary to address the \$18 million budget gap:

### General Fund

<b>Department</b>	<b>FTE Change</b>	<b>\$ Change</b>
Mayor and City Council	-	\$ (86,365)
Internal Auditor	-	\$ (13,650)
City Attorney	(2.00)	\$ (228,678)
City Clerk	-	\$ -
City Manager	(1.00)	\$ (129,839)
City Treasurer	-	\$ -
Community Development	(9.00)	\$ (905,118)
Convention, Culture, and Leisure	(2.00)	\$ (146,446)
Economic Development	(1.00)	\$ (104,314)
Finance	(3.00)	\$ (212,376)
General Services	(6.00)	\$ (516,370)
Human Resources	(1.00)	\$ (84,022)
Information Technology	(2.00)	\$ (222,358)
Public Works	(19.25)	\$ (1,598,262)
<b>Total:</b>	<b>(46.25)</b>	<b>(4,247,798.00)</b>

### Other Funds (Enterprise, Internal Service and Special Revenue)

<b>Department</b>	<b>FTE Change</b>	<b>\$ Change</b>
Convention, Culture, and Leisure	(2.00)	\$ (133,301)
General Services	(9.00)	\$ (666,067)
Human Resources	(1.50)	\$ (102,355)
Public Works	(1.50)	\$ (85,942)
Utilities	(14.50)	\$ (1,349,027)
<b>Total:</b>	<b>(28.50)</b>	<b>(2,336,692)</b>

Should the City be successful in reaching agreement with our labor groups the FTE identified above will be restored.

The Proposed Budget also includes a number of changes to address reorganizations, efficiencies and structural changes. It is important to note that FTE changes associated with these adjustments will not be affected by the outcome of discussions with our labor groups. A summary of these adjustments is provided below:

- Citywide and Community Support (+23.0 FTE): Citywide and Community Support, previously named Non-Department, was restructured in an effort to more accurately reflect City operations and expenses in department budgets. This section now contains the budgets and FTE associated with the programs that are not part of any department's direct operating expenditures or the administrative and financial support for various local and regional operations. These operations were previously included in the City Manager's Office (Office of Emergency Services), Community Development (Local Area Formation Commission), and Utilities (Sacramento Area Flood Control Agency and City/County Office of Metropolitan Water Planning).
- Economic Development Department: As part of the restructuring necessary to address the loss of redevelopment funds, 2.0 administrative positions have been eliminated and 1.0 administrative position and the financial management for the department is being transferred to the Department of Public Works. This administrative change will allow the Economic Development Department to focus on job creation and retention.
- General Services Department: During FY2011/12, Solid Waste operations (160.0 FTE) were moved from the Utilities Department to the General Services Department. The proposed budget reflects this reorganization as well as the increase of 4.0 FTE administrative positions that transferred from the Utilities Department as they were dedicated to supporting the Solid Waste Division.
- Mayor and City Council: The 3.0 unfunded positions in the Office of the Independent Budget Analyst have been eliminated. As included in the FY2012/13 Proposed Operating Budget, City Council staff will cease furlough and begin paying the employee share of pension costs on July 1, 2012. The Mayor and City Councilmembers began paying the employee share of their pension costs on January 1, 2012.
- Utilities Department: To address identified staffing needs 8.0 FTE have been added to the department. These positions will provide the staffing necessary to perform preventative maintenance and inspections, provide required services, and to meet regulatory requirements.
- Reorganizations and Efficiencies: As part of the City's restructuring effort, positions were moved from Utilities to Public Works, a position was moved from the City Manager's Office to Finance, a position was eliminated in Community Development as a result of the transfer of the illegal dumping program to General Services.

Additionally, staff has identified other adjustments that were not included in the Proposed Budget necessary to implement the budget plan for FY2012/13. A summary of these additional technical and clean up adjustments is included in Attachment 1 and will be incorporated into the final Budget Resolution.

**Policy Considerations:** After four consecutive years of reductions, the City continues to evaluate opportunities to right-size the organization to achieve budget sustainability. This will necessitate difficult decisions that will require careful consideration of the proposed reductions. The proposed

process and parameters for the review of the Proposed Budget will provide a structure for Council's consideration of the staffing and program/service reductions necessary to get to a balanced budget.

**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 CEQA [CEQA Guidelines Sections 15061(b)(3); 15378(b)(2)].

**Sustainability:** Not applicable.

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

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

**Financial Considerations:** Budget sustainability requires that annual base operating costs must be held to a level below annual revenue. If the City is successful in efforts to implement ongoing reductions in expenditures in FY2012/13 and can minimize cost increases in the future the structural gap will be tightened, but not eliminated, as there are anticipated expenditure increases that will have to be addressed in future years such as increased retirement costs and escalating post-employment health benefits.

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

## Attachment 1

### Position Changes

- The City's weed abatement program will be transferred from the Fire Department to the Community Development Department (CDD) effective July 1, 2012. With the addition of 1.0 FTE, CDD will deliver the program efficiently and effectively. Costs will be offset through revenues collected for administrative fees and penalties.
- Eliminate 1.0 FTE Integrated Waste Planning Superintendent in the Fleet Fund and add 1.0 FTE Program Specialist in the Fleet Fund.

### Project (Capital, Multi-Year and Grant) Changes

- Adjust revenue and expenditure budgets in the Solid Waste Outreach multi-year operating project in the amount of \$270,000 in the Solid Waste Grant Fund (Fund 6207) for the CalRecycle Grant from the State of California.

### Resolution Language Changes

- Fee and Charge Policy: The adopted fee and charge policy authorizes departments to adjust fees based on Consumer Price Index (CPI) every other year (biennial). However, the policy adopted failed to provide the necessary authority for this adjustment. Therefore, staff is recommending that the following language be added to the Budget Resolution as Section 9.3:
  - The City Manager is authorized to implement biennial Consumer Price Index (CPI) increases if the increases are warranted based on the adopted Fees and Charges Policy.