



City of Sacramento City Council

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

Meeting Date: 6/7/2012

Report Type: Staff/Discussion

Title: Priority Based Budgeting and FY2012/13 Supplemental Budget Information

Report ID: 2012-00359

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

Department: Finance

Division: Budget Office

Dept ID: 06001411

Attachments:

- 1-Description/Analysis
 - 2-Attachment 1-Center for Priority Based Budgeting
 - 3-Attachment 2-Survey Results
 - 4-Attachment 3-Supplemental Budget Information
 - 5-Attachment 4-Supplemental Budget Information
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City Attorney Review

Approved as to Form
Matthew Ruyak
5/31/2012 11:31:42 AM

Approvals/Acknowledgements

Department Director or Designee: Leyne Milstein - 5/31/2012 9:45:00 AM

Description/Analysis

Issue: On January 24, 2012 staff conducted a workshop on the City's Priority Based Budgeting effort. A key component of the workshop was to establish focus areas that reflect Council's priorities. Through this effort Council approved the following Focus Areas:

- Economic Vitality
- Healthy, Sustainable Environment
- Leisure, Cultural and Social Opportunities
- Reliable Infrastructure and Effective Mobility
- Safe Community
- Youth Opportunities and Education
- Effective Government

Following the Council workshop the City's Executive Leadership Team worked together to develop results/outcomes for each focus area. Finalizing the focus areas and developing associated results/outcomes was a critical step to measure the relationship between the City's budget and expected results/outcomes. The result maps are included as Attachment 1.

In coordination with the Center for Priority Based Budgeting (Center), City staff has been working to evaluate all City programs/services in relation to the budgeted dollars and full-time equivalent (FTE) positions. Completion of this exercise will enable the Council and constituents to understand the allocation of the City's resources with respect to the identified results/outcomes and shape decisions for the FY2013/14 Budget and thereafter. Additionally, staff has been working on education and outreach in an effort to educate and gain an understanding of community and employee expectations. The following summarizes the budget outreach and PBB information received:

- City Council and Executive Team (February): Both the City Council and the City's Department Heads completed the results/outcome prioritization exercise early on in the PBB process.
- Employee Focus Group (March): The Human Resources Department provided a random selection of City employees representing every department and every labor group to participate in a half-day workshop on the budget. The workshop included a "Budget 101" presentation, an extensive question and answer session, and overview of PBB. At the conclusion employees were asked to complete the results/outcome prioritization exercise.
- Community/Business Focus Group (March): The Neighborhood Services Division of the Parks and Recreation Department coordinated a half-day workshop at City Hall with community and business representatives. Representatives included members from all Council Districts. Similar to the employee focus group the workshop included a "Budget 101" presentation, an extensive question and answer session, and overview of PBB. At the conclusion participants completed the results/outcome prioritization exercise.
- On-Line PBB Poll (May): Beginning May 1st an on-line survey was added to the City's website (<http://cityofsacramento.org/finance/budget/survey>) asking "What should the role of City Government be?" and asking participants to complete the results/outcome prioritization exercise.

Details on the results/outcome prioritization exercise from these groups are included in Attachment 2. The next steps in our PBB effort include:

Model Orientation (June): The Center will present to the City Manager and Department Heads an orientation of the Resource Alignment Diagnostic Model. The model demonstrates the relationship of budget dollars to results/outcomes. The orientation will begin the process of training departments on how to use this information to start asking questions about programs. Key questions will arise such as the following:

- What programs do we offer that another public or private entity is also providing? (Are there opportunities for partnering with another service-provider and/or consolidating services?)
- What programs do we offer that are competing with the private sector? (Are there opportunities to partner or change our role as the service provider?)
- What programs do we offer that are mandated, but of a low priority? (Are there opportunities for meeting the minimum requirements of a statute by reducing service levels of low priority programs?)
- What programs do we offer that aren't fully recovering their costs? (Are there opportunities for reviewing rates?)
- Where do we have opportunities to change the level of service where demand for a program is declining?
- Where do we have opportunities to re-allocate resources from lower priority programs to serve the demands of higher priority (including new and existing) programs?

Data Review (June/July): The Center will facilitate department review of the Peer Review Committee work, and validate that the changes in scores that were dramatic enough to reduce the ranking of a program were based on relevant information. The Center will provide the City with a list of programs that were down-graded significantly during the Peer Review Process. Peer Review Committee members are encouraged to share the rationale they used to make changes to program scores. Departments will be encouraged to provide additional information in the case that the Peer Review scoring change is in question. The impact of this additional Data Review is to ensure that the same set of assumptions were used in evaluating the City's programs.

PBB Results Presentation to City Council (August/September): The Center will provide a Model Orientation to the City Council upon the completion of the City's final Data Review and begin to encourage City Councilmembers to ask questions about the City's overall spending array, and the overall trends in programs based on the process. Council will be encouraged to ask similar policy-oriented questions as the Department Heads were encouraged to answer during the initial model orientation – questions concerning partnerships, fee recovery, program consolidation, sourcing, policy concerning new programs, succession planning geared toward high priority programs, and the use and alignment of general government tax dollars with the City's priorities.

A list of the supplemental budget information (SBI) requests received during the FY2012/13 Budget Process is included as Attachment 3. Information will be forwarded to Council as it is completed.

Policy Considerations: After five consecutive years of reductions, the City continues efforts to achieve budget stability and sustainability. It is clear that we can no longer continue to use short-term solutions for what is clearly a long-term problem. As such the development of the budget will continue to necessitate difficult decisions. Completion of the PBB process will provide a tool for Council to consider allocation of dollars based on expected results/outcomes.

Environmental Considerations: Not applicable to this report.

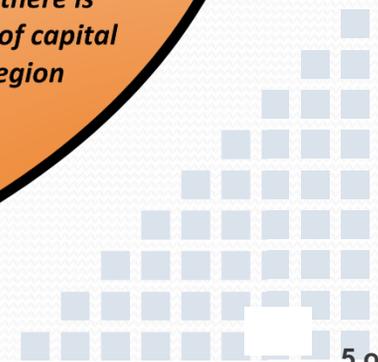
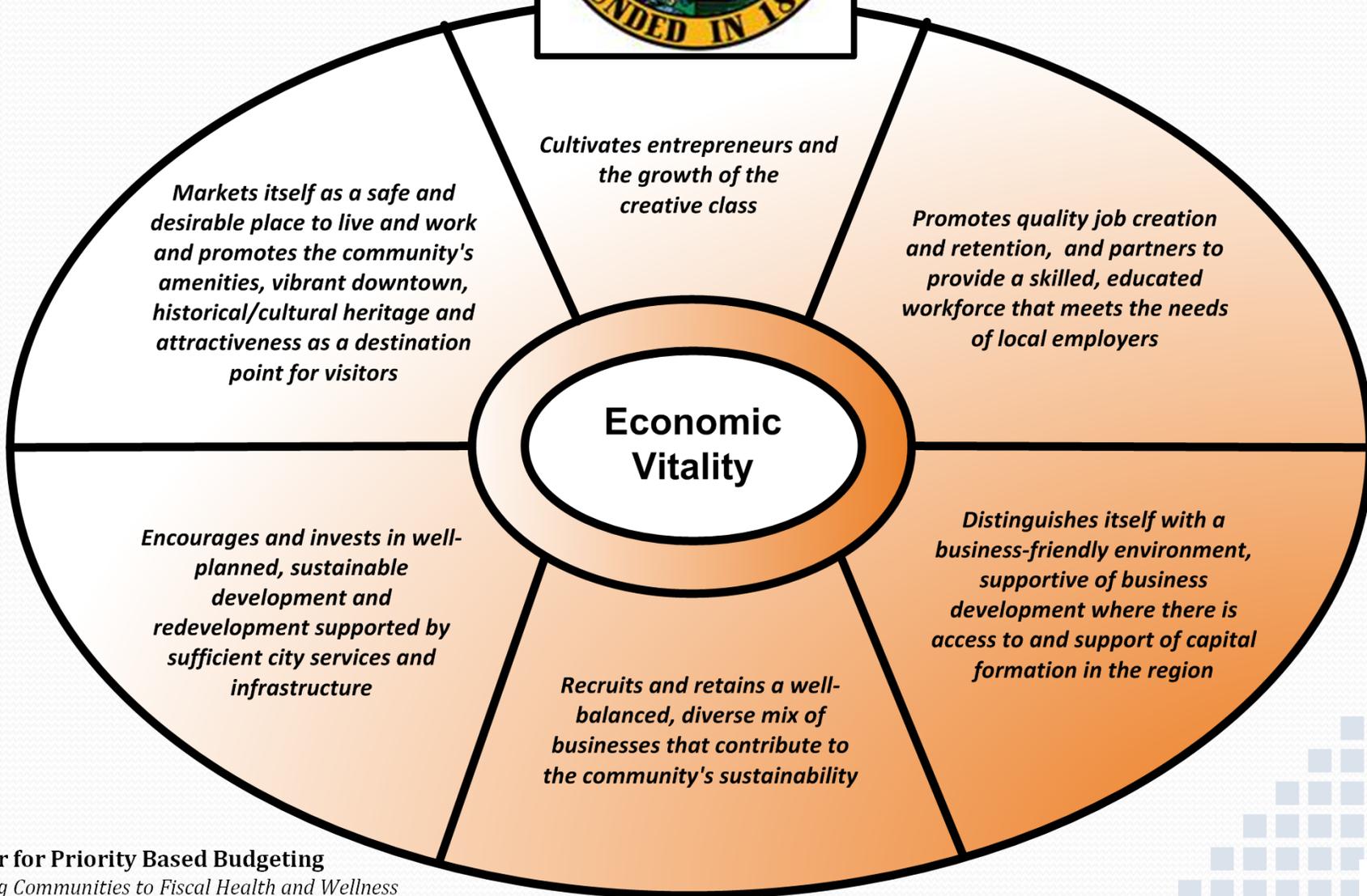
Sustainability: Not applicable to this report.

Commission/Committee Action: None.

Rationale for Recommendation: Consistent with the City Manager's Performance Goals, Strategies and Metrics as presented on January 10, 2012 the PBB effort has involved employees and the community through outreach meetings as well as an on-line survey. The information received through this process and from Council will assist in identifying opportunities for closing future year budget gaps.

Financial Considerations: The FY2012/13 Proposed Budget is balanced and does not include the use of reserves or potential savings that could be realized from the City's PBB effort. However, the City is facing a \$7-13 million budget gap in FY2013/14 as a result of increased labor costs and decreased revenues. In an effort to address this gap, staff will present additional information on potential operational changes that could result in permanent and on-going savings identified through the PBB effort in August or September for Council discussion and consideration.

Emerging Small Business Development (ESBD): Does not apply.





Manages and mitigates factors that impact the environmental quality of water, land and air

Encourages energy conservation and efficiency, alternative modes of transportation, "green" initiatives and "smart growth" development that advance community sustainability

**Healthy,
Sustainable
Environment**

Promotes the preservation, protection and conservation of its land resources, open spaces, parks, green spaces, agricultural lands and other natural resources

Engages the community in providing for the renewal of the environment through waste reduction, recycling, re-use, conservation education, and quality refuse disposal

Cultivates a healthy, clean and attractive environment that provides for the health, safety and physical well-being of the community





Encourages and supports a vibrant, safe and accessible downtown and riverfront areas that offer residents and visitors a variety of quality shopping, dining and entertainment venues

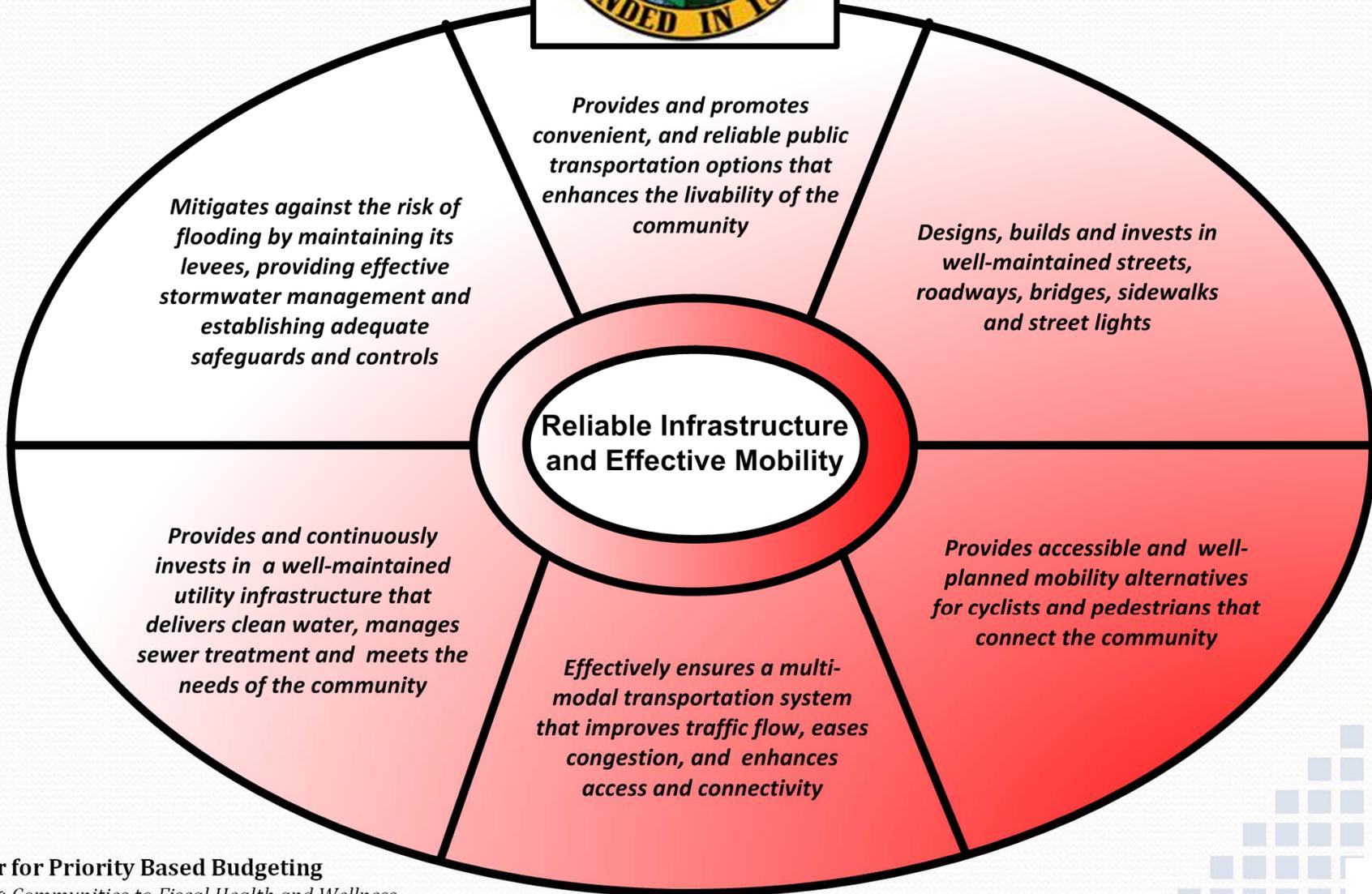
Provides safe, accessible and well-maintained parks, trails and recreation facilities that meet a variety of leisure time needs for all ages.

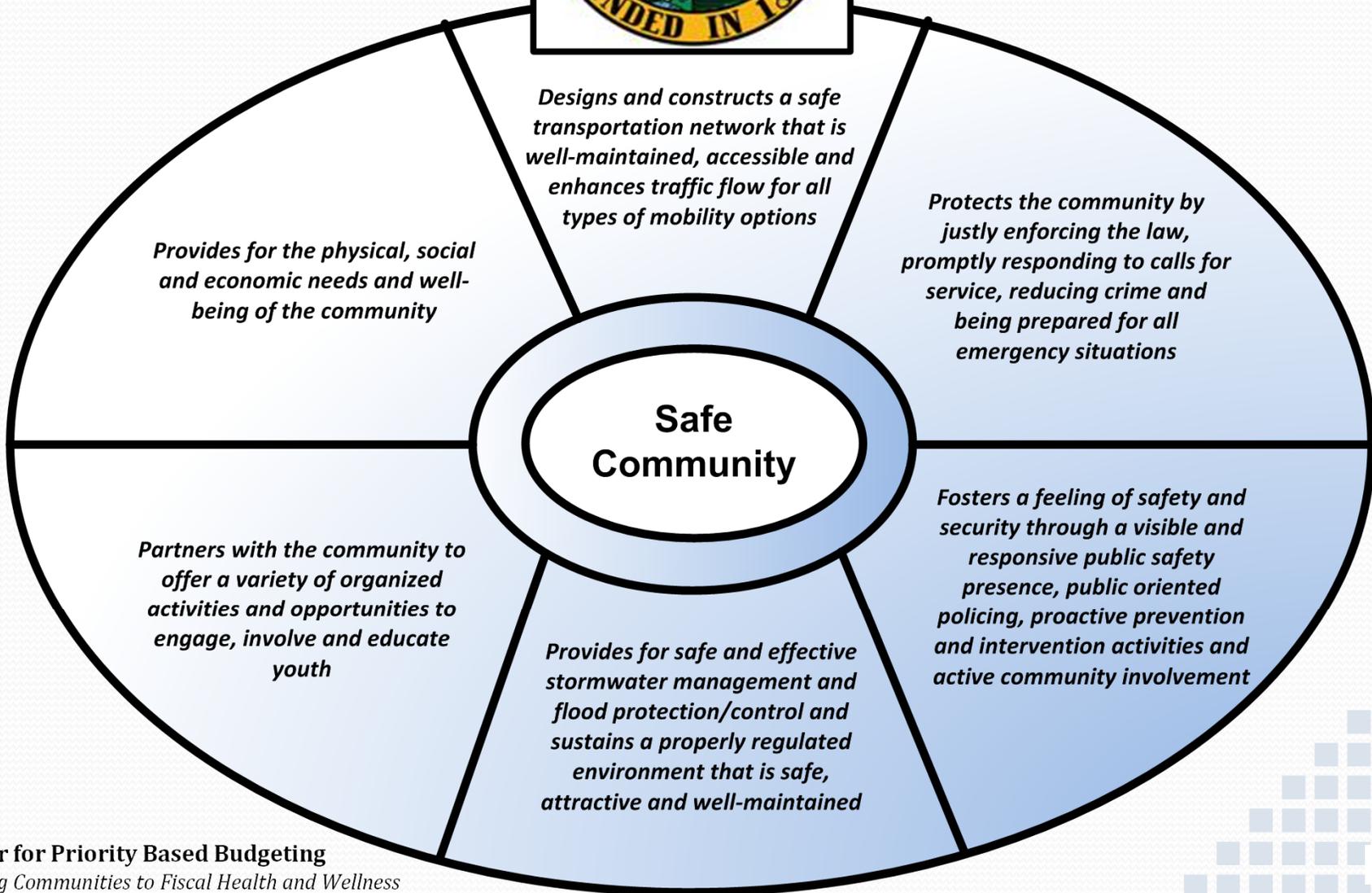
**Leisure,
Cultural
and Social
Opportunities**

Values and preserves the community's historical and cultural heritage, promoting the City as a destination point for tourists and regional visitors

Partners with the community to provide and promote diverse, affordable opportunities that focus on the arts, cultural enrichment, entertainment, civic events and life-long learning









Youth Opportunities and Education

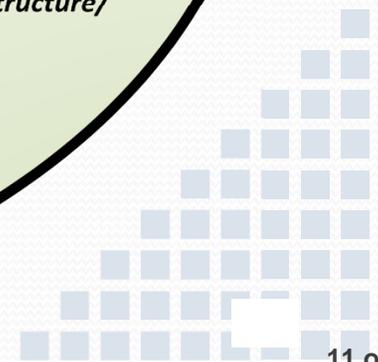
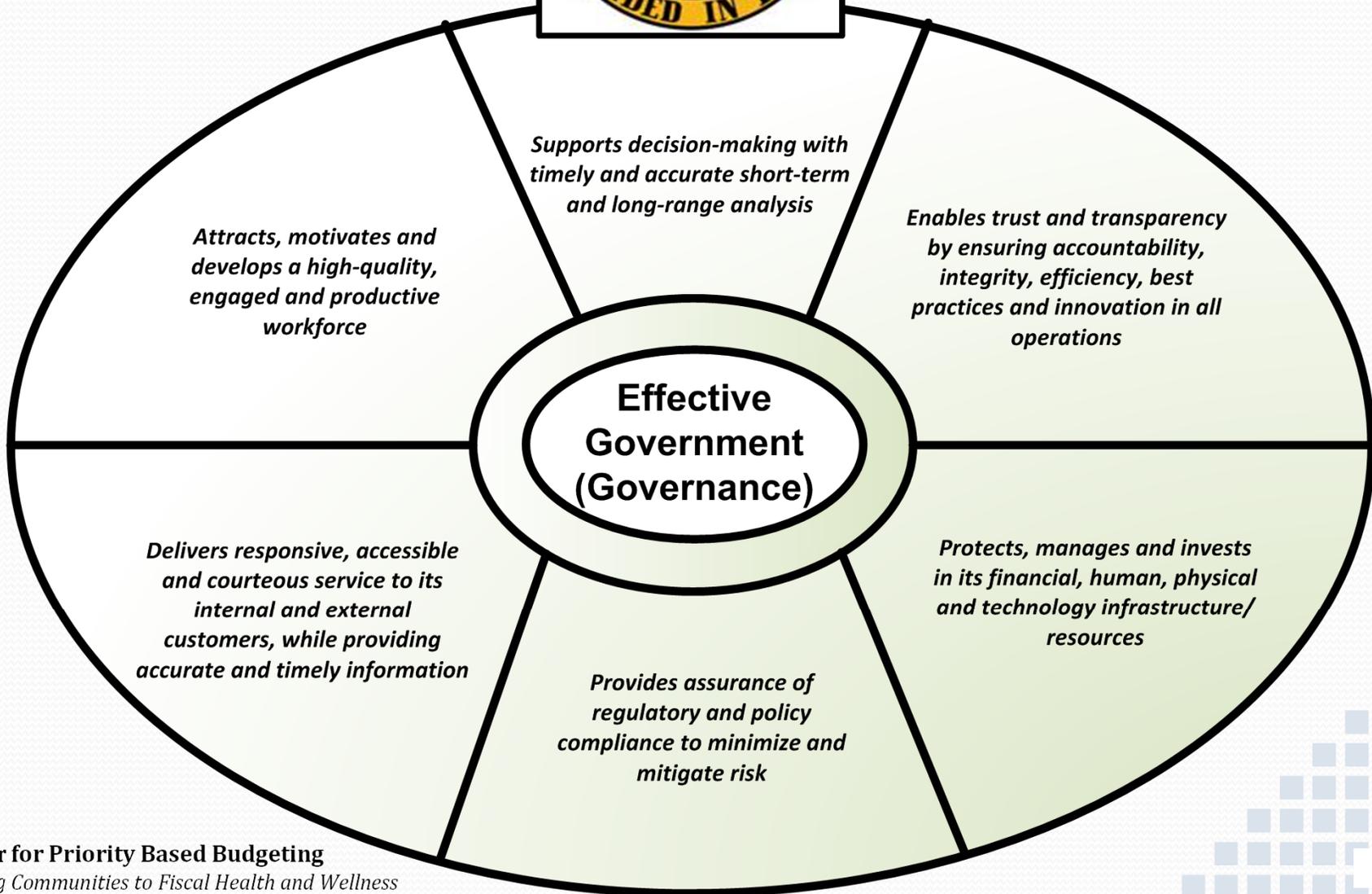
Is proactive in providing education opportunities, intervention programs and organized activities that keep at-risk youth engaged, occupied and productive

Fosters a community that provides support, enrichment, mentoring and resources to help families meet the health, security, nutritional and developmental needs of their children

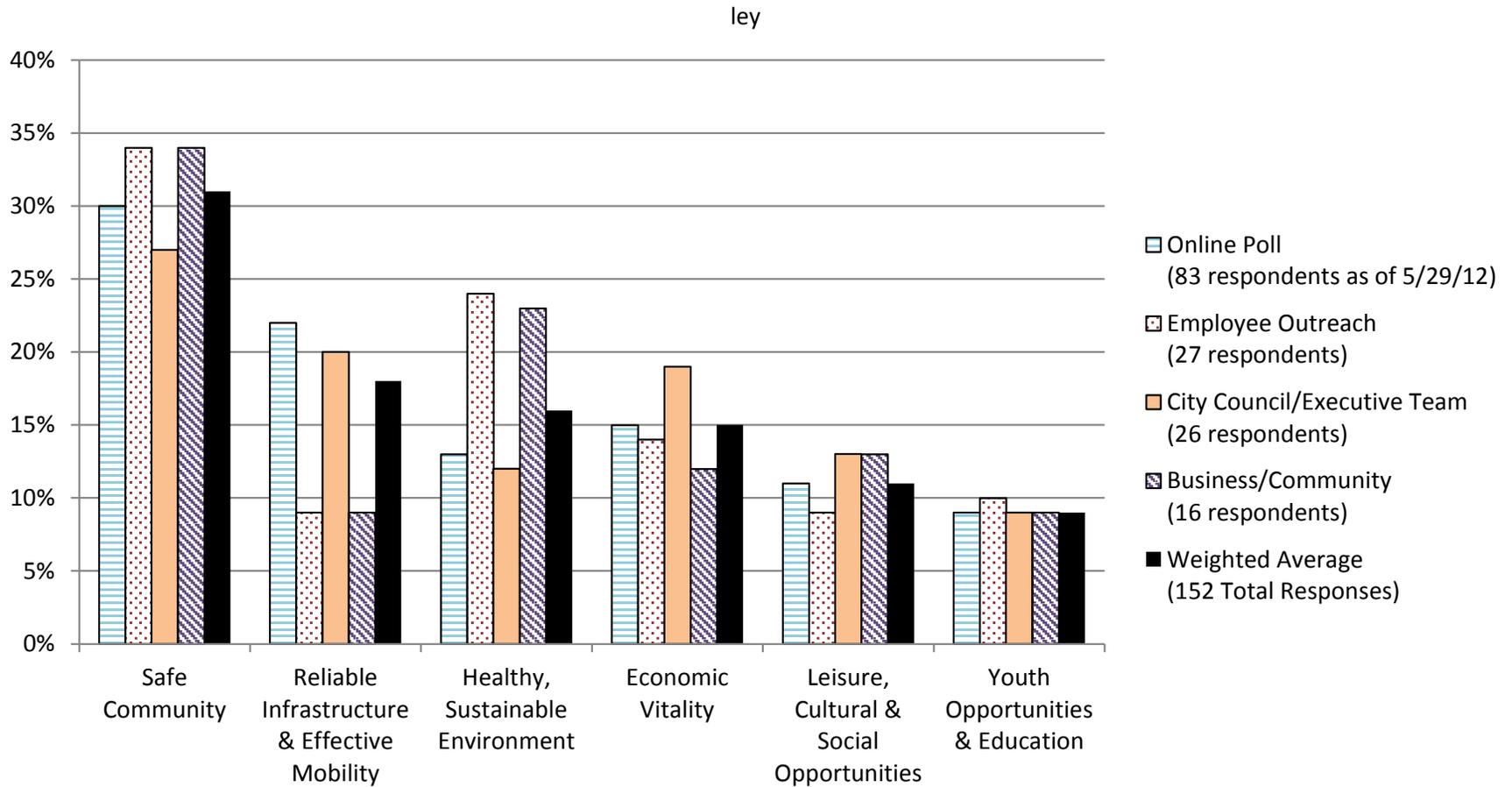
Provides and promotes a variety of safe, affordable and well-supervised sports, recreational, cultural and learning activities during non-school hours

Offers collaborative support to schools and other institutions in providing access to quality educational opportunities in a safe learning environment

Promotes quality employment/volunteer opportunities for teens and young adults



What Should the Role of Government Be? Survey Results



Supplemental Budget Information – Item 2

Request:

Provide a list of vacant positions.

Response:

The following chart summarizes the vacancies in the various City funds as of May 16, 2012. Many of the vacancies identified below will be eliminated if the FY2012/13 Proposed Budget is adopted as proposed on May 1. However, if agreements are reached with our employee groups the vacancies associated with FY13 deficit reductions (*as referenced in the following chart*) will not be eliminated.

Fund Name	Vacancies as of 05/16/12	FY13 Deficit Reduction	FY13 Structural Changes	Active Hiring	Vacancies Held to Cover Operational Issues*	Net Vacancies
4th R Program	18.68	3.05	-	-	15.63	-
Community Center	18.88	1.50	-	-	16.38	1.00
Fleet	10.00	3.00	-	1.00	-	6.00
General	182.65	49.25	16.00	17.60	74.30	25.50
Parking	17.75	1.50	-	1.00	7.75	7.50
Risk	2.00		-	-	-	2.00
Solid Waste	6.00	3.00	-	-	2.00	1.00
START	2.00		-	-	2.00	-
Storm Drainage	27.78	7.00	-	6.00	1.78	13.00
Wastewater	3.00	1.00	-	1.00	-	1.00
Water	26.00	5.50	-	12.50	2.00	6.00
Worker's Comp	3.00	0.50	-	-	1.00	1.50
Grand Total	317.74	75.30	16.00	39.10	122.84	64.50

*Departments utilize labor savings from vacancies to address revenue shortfalls, loss of grants, anticipated impacts from other agencies, and alternately filled positions.

The following chart provides details on the actual Net Vacancies by Fund, by Department, by Classification as of May 16, 2012.

Fund Name	Department	Job Classification	Total
Community Center	CC&L	Administrative Analyst	1.00
Community Center Total			1.00
Fleet	General Services	Equipment Mechanic II	1.00
		Equipment Serviceworker	4.00
		Fleet Management Technician	1.00
Fleet Total			6.00
General	City Manager	Special Projects Manager	1.00
	Economic Development	Senior Development Project Mgr	1.00
	Finance	Administrative Technician	1.00
		Customer Service Assistant	1.00
	Fire	Fire Prevention Officer II	1.00
		Senior Fire Prevention Officer	1.00
	General Services	Customer Service Rep	0.50
		Supervising Real Prop Agent	1.00
	Mayor/Council	Executive Assistant (MC)	1.00
	P&R	Administrative Assistant	1.00
		Park Safety Ranger Supervisor	1.00
		Typist Clerk II	1.00
	Police	Dispatcher II	2.00
		GIS Specialist I	1.00
		Police Lieutenant	1.00
		Police Records Specialist II	1.00
		Property Assistant	1.00
	Public Works	Account Clerk II	1.00
		Assistant Civil Engineer	1.00
		Associate Civil Engineer	1.00
		Park Equipment Operator	1.00
		Senior Engineer	1.00
		Supervising Surveyor	1.00
		Typist Clerk II	2.00
General Total			25.50
Parking	Public Works	Maintenance Worker	2.00
		Parking Facilities Maint Supv	1.00
		Senior Accounting Technician	1.00
		Senior Building Maint Worker	1.00
		Senior Parking Lot Attendant	2.50
Parking Total			7.50

Fund Name	Department	Job Classification	Total
Risk	Human Resources	Envtl Health & Safety Spclst	1.00
		Senior Staff Assistant	1.00
Risk Total			2.00
Solid Waste	General Services	Integrated Waste Planning Supt	1.00
Solid Waste Total			1.00
Storm Drainage	Utilities	Accounting Technician	1.00
		Administrative Assistant	1.00
		Construction Inspector I	1.00
		Junior Landscape Assistant	1.00
		Program Analyst	2.00
		SAFCA Deputy Director	1.00
		Secretary	1.00
		Senior Department Sys Spclst	1.00
		Senior IT Support Spclst	1.00
		Storekeeper	1.00
		Supervising Engineer	1.00
Utilities Field Svcs Svcwrkr	1.00		
Storm Drainage Total			13.00
Wastewater	Utilities	Utilities Field Svcs Svcwrkr	1.00
Wastewater Total			1.00
Water	Utilities	Customer Service Rep	2.00
		Customer Service Supervisor	1.00
		Office Supervisor	1.00
		Plant Operator	1.00
		Water Waste Inspector	1.00
Water Total			6.00
Worker's Comp	Human Resources	Staff Assistant	1.00
		Workers' Compensatn Claims Rep	0.50
Worker's Comp Total			1.50
Grand Total			64.50