



City of Sacramento City Council

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

Meeting Date: 6/12/2012

Report Type: Public Hearing

Title: Adoption of the FY2012/13 Operating and Capital Improvement Program (CIP) Budgets
(Noticed on 5-31-12)

Report ID: 2012-00362

Location: Citywide

Recommendation: Conduct a public hearing and upon conclusion adopt a Resolution approving the City of Sacramento FY2012/13 Operating and CIP Budgets.

Contact: Leyne Milstein, Finance Director, (916) 808-8471, Finance Department

Presenter: Leyne Milstein, Finance Director, (916) 808-8471, Finance

Department: Finance

Division: Budget Office

Dept ID: 06001411

Attachments:

- 1- Description/Analysis
 - 2- Resolution
 - 3- Attachment A -Supplemental Budget Information Log
 - 4 - Attachment B -Sum of FTE Restored
 - 5- Attachment C -Low Income Rate Assistance Program
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City Attorney Review

Approved as to Form
Matthew Ruyak
6/7/2012 11:27:34 AM

Approvals/Acknowledgements

Department Director or Designee: Leyne Milstein - 6/7/2012 9:11:16 AM



Description/Analysis

Issue: This report transmits the FY2012/13 Operating and Capital Improvement Program (CIP) Budgets for final adoption. The FY2012/13 Proposed Operating Budget and the 2012-2017 Proposed CIP were presented to the City Council on May 1. During May and June, the Mayor and City Council held eight budget meetings, requested and received supplemental budget information (Attachment A), and approved two intent motions to amend the Proposed Budget.

The operating budget reflects an ongoing reduction in expenditures of approximately \$15.7 million, including the elimination of 252.5 full-time equivalent (FTE) positions, of which 203.95 are in the General Fund.

Compared to the City Manager's proposed budget, the FY2012/13 budget reflects the restoration of 28.0 FTE from the Sacramento City Exempt Employee's Association (SCXEA) based on the agreement to pay the employee share of retirement costs. Attachment B provides detailed information on the FTE restored by department/by fund.

In the City's continuing efforts to maintain services, staff will continue to work with the City's employee groups to reach agreement that could reduce layoffs and restore services. To provide flexibility in restoring services and staff, the following language has been added to the Budget Resolution allowing the City Manager to continue discussions with the City's remaining employee groups:

Budget Resolution Section 5.8:

For any labor organization notifying the City Manager by June 30, 2012, of its ratification of a tentative labor agreement containing necessary FY2012/13 savings, the City Manager is authorized to defer scheduled layoffs affecting that labor organization until a formal labor agreement is approved by Council. The City Manager shall present labor organization-ratified tentative agreements to the Council for approval no later than July 31, 2012. If a formal agreement is not presented to and approved by Council by July 31, 2012, the City Manager shall, as soon as possible following that date, implement layoffs needed to achieve FY2012/13 budget savings.

In addition, consistent with comments received during the budget hearings, the following items are recommended to be incorporated into the final budget:

General Services Staffing:

- **Animal Care Volunteer Coordinator:** This position was restored as a result of successful negotiations with SCXEA as reflected on Attachment B.
- **Facility Maintenance:** The City Manager is recommending the restoration of a critical position responsible for heating, ventilation, and air conditioning (HVAC) systems and controls ensuring internal air quality and regulatory compliance.

Parks and Recreation:

- **Access Leisure:** The Access Leisure Program provides recreational activities such as social and fitness programs, special events, trips and excursions for people with intellectual and developmental disabilities. The department's budget has been

amended to include the restoration of much of the Access Leisure program (\$150,000). This includes the restoration of 2.65 FTE and \$40,122 for service and supplies which will be offset by \$25,000 in program revenues. The proposed budget amendment will restore 75 percent of the existing activities and events including, but not limited to, movies, bowling, arts and crafts, sports games, dances, and the continuation of the Paralympics recreation sports program.

- Winter Shelter Program: Consistent with prior City Council direction the City Manager is recommending that the department's budget be amended to include \$100,000 for this critical community program. Funding will be used for 50-70 motel vouchers for families and disabled.

Miscellaneous General Fund Revenues:

- Based on a review of year-to-date revenue trends, the General Fund revenue budget has been amended to increase miscellaneous revenues by \$200,000 which will be used to restore Access Leisure programs (\$125,000). The balance of \$75,000 will be added to the General Fund administrative contingency for expenses related to continuing labor negotiations.

Utilities:

- On May 22 the City Council heard a presentation on a proposed Utility Rate Assistance program and provided direction to staff to implement a program utilizing the General Fund revenues related to the July 1, 2012, water and wastewater rate increases. Based on Council direction, staff is recommending the establishment of a multi-year operating project (I14130100) to manage a Low-Income Rate Assistance program (Attachment C), with an expenditure budget of \$1,130,700 based on anticipated revenues.

Policy Considerations: After five consecutive years of reductions, the City continues efforts to right size the organization to achieve budget sustainability. The City Council has taken significant steps to reduce ongoing discretionary spending, making difficult decisions on the programs and services the City will continue to provide. The continuing structural deficit expected in FY2013/14 and FY2014/15 will require further changes in the way we conduct the business of the City and the programs and services we are able to afford. These changes are necessary and inevitable if the City is to regain fiscal sustainability.

The FY2012/13 Proposed Budget as amended through the budget hearing process is consistent with the City Council's adopted parameters for budget consideration:

- Reserve for Economic Uncertainty will not be used;
- One-time cuts will not be used to replace permanent ongoing reductions;
- New revenues will not be used until realized; and
- Any labor concessions will be used to mitigate reductions in that bargaining group

Environmental Considerations: 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)]. Environmental review under CEQA for any project, which utilizes funds allocated in the CIP budget, has been or will be performed in conjunction with planning, design and approval of each specific project as appropriate.

Sustainability: Not applicable.

Commission/Committee Action: Sacramento City Code (Section 2.112.060) requires that the CIP be presented to the Planning Commission. The Planning Commission found the 2012-2017 Proposed CIP consistent with the 2030 General Plan on May 10, 2012.

Rationale for Recommendation: The economic downturn continues to affect the City requiring significant budget reductions in order to stabilize the City's budget and continue the process of returning the General Fund to sustainability. The FY2012/13 Proposed Operating Budget closes the \$15.7 million General Fund gap and the recommended action is consistent with the City Council's adopted parameters for budget consideration and policy direction provided during budget hearings.

Financial Considerations: Budget sustainability requires that annual base operating costs be held to a level below annual revenue growth. The adoption of the FY2012/13 Proposed Operating and CIP budgets as amended closes the \$15.7 million deficit. However, the structural deficit will persist unless additional permanent corrective actions are implemented.

It is important to note that the budget does not include adjustments that may be necessary as a result of State or County budget actions, nor any further decline in revenues that the City may experience during the fiscal year. As such, the Mayor and City Council may need to make further budget adjustments during the fiscal year to account for the actions of these external entities or to address revenue shortfalls.

A summary of the actions taken by Council to approve the FY2012/13 budget are included as Exhibits 1-3.

Emerging Small Business Development (ESBD): Not applicable.



RESOLUTION NO. 2012-xxx

Adopted by the Sacramento City Council

June 12, 2012

APPROVING THE FISCAL YEAR 2012/13 OPERATING AND CAPITAL IMPROVEMENT PROGRAM BUDGETS FOR THE CITY OF SACRAMENTO

BACKGROUND

- A. The City Manager is required to present a balanced budget to the Mayor and City Council no less than 60 days prior to the beginning of each fiscal year pursuant to Article 9, Section 111 of the City Charter.
- B. The City of Sacramento, through the leadership and direction of the Mayor and City Council, has maintained a sustainable budget philosophy. Given this concept of fiscal sustainability, the Council adopted the following principles on January 24, 2012, for the development of the Fiscal Year (FY)2012/13 Proposed Budget:
 - 1. Budget Development Principles:
 - a. Develop a 2-year sustainable budget plan
 - o FY2012/13 actions need to be considered within a multi-year context
 - b. Use one-time resources strategically
 - c. Reductions should be made to achieve permanent savings and not temporary or one-time savings
 - d. Any new revenue proposals will not be counted as revenues until realized
 - e. Reserve for Economic Uncertainty will be protected and increased gradually
- C. The City Manager released the FY2012/13 Proposed Operating Budget and the 2012-2017 Proposed Capital Improvement Program (CIP) (which includes the FY2012/13 CIP Budget) consistent with City Charter requirements, for review and consideration.
- D. The Mayor and City Council conducted hearings during the months of May and June 2012 related to the adoption of the City's FY2012/13 Operating and CIP Budgets.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- A. The Summary of Changes in Appropriations, attached as Exhibit 1, and the Summary of Changes and Technical Adjustments, attached as Exhibit 2, are hereby approved.

- B. The FY2012/13 Operating and CIP Budgets, as defined in Section 2.1, are hereby approved (collectively the “Approved Budget”).
- C. The 2012-2017 CIP, which provides a comprehensive five-year plan for the City’s capital project expenditures, is hereby approved.
- D. Sections 1 through 16 below, which define the authority and responsibilities of the City Manager in implementing the Approved Budget, are hereby approved.
- E. The City Manager is authorized to incorporate final decisions of the City Council, and refine/add content, as may be needed to meet Government Finance Officers Association (GFOA) and California Society of Municipal Finance Officers (CSMFO) budgeting award application requirements, into the Proposed Operating and CIP Budgets in order to create the FY2012/13 Approved Operating Budget and 2012-2017 CIP.
- F. Exhibits 1 through 5, inclusive, are part of this resolution.

SECTION 1. SCOPE

- 1.1 This resolution defines the authority and responsibilities of the City Manager in implementing the Approved Budget of the City of Sacramento and supersedes Resolution 2011-391.

SECTION 2. DEFINITIONS

- 2.1 “Approved Budget” consists of the following documents:
 - (1) The “Operating Budget,” which is the FY2012/13 Proposed Operating Budget, as amended by the City Council to incorporate the approved summary of changes in appropriations set forth in Exhibit 1, the approved administrative and technical changes set forth in Exhibit 2, and the establishment of the Successor Agency budget and FTE set forth in Exhibit 3 (the Approved Operating Budget is attached as Exhibit 4); and
 - (2) The “Capital Improvement Program budget,” which is the FY2012/13 Proposed Capital Improvement Program (CIP) Budget, as summarized in Schedule 4 of the FY2012/13 Operating Budget and detailed in the 2012-2017 CIP, as amended by the City Council to incorporate the Proposed CIP, the summary of changes in appropriations set forth in Exhibit 1, and the approved administrative and technical changes set forth in Exhibit 2 (the Approved CIP is attached as Exhibit 5).

- 2.2 “Base Budget” is the current year budget modified pursuant to labor agreements, one-time expenditures, citywide changes, and midyear changes.
- 2.3 “Budget Categories” reflect internal reporting structures based on established budgets:
- (1) “Department” or “Operating Unit” represents major budgetary groupings such as: Mayor and City Council; City Manager; City Attorney; City Clerk; City Treasurer; Convention, Culture & Leisure; Community Development; Economic Development; Finance; Fire; General Services; Human Resources; Information Technology; Parks & Recreation; Police; Public Works; Utilities; Projects; Debt Service; Citywide and Community Support; and Fund Reserves.
 - (2) “Dept ID” represents an organizational sub-unit within an Operating Unit.
 - (3) “Division” represents a roll-up of Dept ID’s within an Operating Unit.
 - (4) “Account” is the primary accounting field in the budget used to describe the nature of the financial transaction.
 - (5) “Expenditure Class” is a categorical grouping of individual similar accounts for purposes of reporting expenditures (i.e. Employee Services, Other Services and Supplies, Property, Debt Service, Labor/Supply Offset, Contingency, and Operating Transfers).
- 2.4 “City Manager” means the City Manager or, if so designated, the Director of Finance.
- 2.5 “Current Budget” is the FY2011/12 Approved Budget, incorporating any subsequent appropriation increases, decreases, or transfers and adjustments as approved by the City Council or City Manager, as appropriate.
- 2.6 “Full Time Equivalent” (FTE) means the decimal equivalent of a position, e.g., one full-time position is 1.00 FTE and one quarter-time position is 0.25 FTE.
- 2.7 Multi-Year Operating Projects (MYOP) are used to account for projects and activities that continue through more than one fiscal year and are not capital improvement projects.

SECTION 3. AUTHORIZED STAFFING AND APPROPRIATIONS

- 3.1 The City Manager is authorized to make any expenditure and resource adjustments to the Approved Operating Budget based on final City Council action to adopt the Approved Operating Budget.
- 3.2 The City Manager is authorized to establish the appropriations and FTE staffing as shown in Schedules 1A, 1B, 1C, 1D, and fund summaries, including transfers as shown on Schedule 2A and 2B as displayed in Exhibit 3.
- 3.3 The City Manager is authorized to revise any appropriation made in the Approved Budget where the revision is of a technical nature and is consistent with City Council intent.
- 3.4 The City Manager is authorized to adjust any appropriation made in the Approved Budget to reflect changes from amounts budgeted for updated labor, vehicle, energy, contingencies, cost plan, and risk management changes, such as retirement rates, payroll taxes, health benefits, fleet costs, and risk management costs from designated funds or reserves.
- 3.5 The City Manager is authorized to establish the required funds, appropriations, reimbursements, and FTE as detailed in Exhibit 4 to provide the financial reporting and administrative support structure necessary to carry out the activities of the Successor Agency for the City's Redevelopment Agency.
- 3.6 Following budget approval, the City Manager is authorized to revise indirect cost rates to be applied to hourly salary rates in order to achieve full cost recovery of services and is authorized to adjust the Approved Operating Budget to reflect the indirect cost plan for FY2012/13.

SECTION 4. APPROPRIATION INCREASES/DECREASES

- 4.1 All appropriation changes (increases or decreases) in excess of \$100,000 to operating and capital budgets shall be approved by the City Council by resolution.
- 4.2 The City Manager is authorized upon completion of the audited financial statements for FY2011/12 to adjust FY2012/13 fund contingencies by the amount of net changes in available fund balance. These fund balance and appropriation changes shall be included and explained in the report to City Council accompanying the Comprehensive Annual Financial Report (CAFR).
- 4.3 Residual balances from unexpended debt proceeds will be reverted to the appropriate fund and utilized for the legal purposes as specified in the conditions of the debt issuance. The City Manager is authorized to establish appropriations and account for the expenditure of these unexpended proceeds.

SECTION 5. STAFFING CHANGES

- 5.1 Any increase or decrease, by department by fund, in FTE as authorized in the Approved Operating Budget or any subsequent approval by the City Council or by the City Manager in accordance with this resolution, is subject to approval by the City Council, except for renewals or expansion of fully offset grants or externally funded programs (EFP) as specified in Section 5.2.
- 5.2 The City Manager is authorized to adjust staffing levels for renewals, expansions, or reductions to fully offset City Council-approved grants or EFP. Grant/EFP positions shall be terminated upon completion or cancellation of the grant/EFP, unless specifically continued by a resolution that includes a source of replacement funding (see Section 11). Any existing positions which were approved based on the assumption of the City receiving a grant or other reimbursements, must have continued funding verified prior to filling the position.
- 5.3 Any reassignment of authorized FTE and employee services funding associated with the FTE within a department and within the same fund, may be made at the discretion of the department director with the approval of the City Manager as long as there is no net change to authorized FTE and funding levels.
- 5.4 All new job classifications or classification changes (as identified in Exhibit 4, Schedule 8) are subject to classification review and approval by the Human Resources Director.
- 5.5 The City Manager is authorized to adjust staffing levels in the Police and Fire Training Academies based on projected vacancies.
- 5.6 The City Manager is authorized to increase Police Department staffing up to the original grant award of 35.0 Police Officer FTE positions for the COPS Hiring Recovery Program (CHRP) grant and the Cops Hiring Program (CHP) grant of 25.0 Police Officer FTE positions upon the adoption of the budget and demonstration that reductions in sworn officer positions are due to citywide budget reductions.
- 5.7 The Director of Human Resources is authorized to establish non-budgeted positions for the Mayor and Council Offices to be funded from existing operations budgets.
- 5.8 For any labor organization notifying the City Manager by June 30, 2012 of its ratification of a tentative labor agreement containing necessary FY2012/13 savings, the City Manager is authorized to defer scheduled layoffs affecting that

labor organization until a formal labor agreement is approved by Council. The City Manager shall present labor organization-ratified tentative agreements to the Council for approval no later than July 31, 2012. If a formal agreement is not presented to and approved by Council by July 31, 2012, the City Manager shall, as soon as possible following that date, implement layoffs needed to achieve FY2012/13 budget savings.

SECTION 6. ECONOMIC UNCERTAINTY RESERVE (EUR) POLICIES AND TRANSFERS FROM CONTINGENCY/RESERVE FUNDS

- 6.1 As directed by the City Council in June 2011, the City's goal for the General Fund EUR shall be 10% of annual General Fund revenues. Resources to fund this reserve will be identified on an ongoing basis and can include positive year-end results or other one-time resources available to the General Fund which will be presented to Council as identified for direction to the EUR through the budget development, midyear review, and year-end processes.
- 6.2 The General Fund EUR is currently \$20.7 million. This reserve will be maintained for the purpose of bridging a gap between projected revenue and expenditures during periods of significant revenue declines and/or expenditure growth. Consistent with Governmental Accounting Standards Board Statement No. 54, (*Fund Balance Reporting and Governmental Fund Type Definitions*), Council adopted parameters for using the EUR are as follows:
 - (1) The City Manager may recommend a release from the EUR when the gap between projected revenue and expenditures is greater than \$1 million in the proposed budget.
 - (2) Any release from the EUR is subject to approval by the City Council.
 - (3) These parameters may only be changed by the City Council by resolution.
- 6.3 The City Manager is authorized to make appropriation changes (increases or decreases) not exceeding \$100,000 from available fund balance. Appropriation changes (increases and decreases) in excess of \$100,000 are subject to approval by the City Council, except for payments to employees for vacation and sick leave termination, which may be approved by the City Manager.
- 6.4 The City Manager is authorized to make appropriation changes (increases or decreases) not exceeding \$100,000 from Administrative Contingency established in the General Fund, Solid Waste Fund, Storm Drainage Fund, Water Fund, and/or Wastewater Fund. Appropriation changes (increases and decreases) in excess of \$100,000 are subject to approval by the City Council.

- 6.5 Transfers shall not be made from available fund balance or Administrative Contingency if the transfer will result in a negative balance.
- 6.6 Use of committed fund balance reserves is subject to approval by the City Council by resolution.
- 6.7 The City Manager is authorized to make annual loan repayments to the Risk Fund from the Community Center Fund subject to the availability of funds. As of June 30, 2011, the Risk Fund loan to the Community Center Fund totaled approximately \$6.9 million.

SECTION 7. OTHER APPROPRIATION TRANSFERS

- 7.1 Operating appropriation transfers within the same department and the same fund are subject to approval by the City Manager.
- 7.2 Appropriation transfers between two or more departments, up to and including \$100,000, are subject to approval by the City Manager. Such transfers in excess of \$100,000 are subject to approval by the City Council by resolution.

SECTION 8. UNSPENT APPROPRIATIONS AND ENCUMBRANCES

- 8.1 All appropriations in the Operating Budget which remain unencumbered or unexpended on June 30, 2012, after adjustments resulting from Sections 4.2, 4.3, 10.4, 11.5, and 12.4 or as specifically provided for in Section 16, shall revert to the available fund balance of the respective funds. Any budgetary surplus in the General Fund, determined as part of the fiscal year end close process, will be reported in the CAFR as Assigned for Next Year's Budget or as specifically directed in a subsequent resolution.
- 8.2 All unrealized investment gains determined and reported as part of the fiscal year end close process will be reported in the CAFR as Assigned for Unrealized Investment Gains because the resources are not available for appropriation.
- 8.3 All purchase order commitments outstanding on June 30, 2012, and associated appropriations, are hereby continued.
- 8.4 The City Manager is authorized to review MYOPs on an annual basis and return excess funds to the fund balance or contingency of the respective fund.
- 8.5 Unobligated appropriations in existence on June 30, 2012, for Fire Department station expenses (Account 481230) pursuant to the current Fire labor contract, shall be carried over to the next fiscal year.

- 8.6 Unobligated appropriations in existence on June 30, 2012, for the City Council discretionary accounts (Accounts 472010 and 473030) shall be carried over to the next fiscal year.
- 8.7 Unobligated appropriations in existence on June 30, 2012, for the arts stabilization program funded by a portion of the General Fund allocation of the transient occupancy tax, shall be carried over to the next fiscal year.
- 8.8 The Rental Housing Inspection Program fees and Medical Marijuana Permit Fees have been established to recover the costs of the program. The City Manager is authorized to carryover excess revenues for these programs provided the full cost of the current year operations for these programs have been recovered.
- 8.9 The City Manager is authorized to adjust the Convention, Culture and Leisure revenue budget for Theater Facility Fee revenues and the Theater Renovation project (M17100100) expenditure budget based on the actual fees collected, less any operating costs associated with delivering this service.

SECTION 9. REVENUE BUDGET

- 9.1 The FY2012/13 revenue budget is summarized in Exhibit 4, Schedule 6.
- 9.2 Any increase or decrease greater than \$100,000 in estimated revenue to the Approved Budget by fund requires City Council approval.
- 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.

SECTION 10. CAPITAL IMPROVEMENTS

- 10.1 Capital projects and/or appropriations shall be used for:
 - (1) Repairs, maintenance, improvements, or acquisitions with a total cost of at least \$20,000 and a useful life that exceeds one fiscal year; and
 - (2) Community/Neighborhood projects as approved in separate resolutions by the City Council.
- 10.2 City Council approval is required for the establishment and/or cancellation (without completion) of a CIP, except as provided below:
 - (1) Capital projects for internal City operations related to improvements and minor construction of existing City owned/occupied buildings may be

established by the City Manager provided the total cost to deliver the project does not exceed \$100,000;

- (2) Capital projects may be subdivided into separate sub-projects as needed to administer, manage, and deliver the original scope of the project, without further City Council action; and
- (3) Credit projects established in accordance with Sacramento City Code (SCC) Chapter 18.18. For purposes of recording the asset of these already constructed projects, the City Manager is authorized to make all the necessary adjustments once the improvement is accepted by the City of Sacramento.

10.3 Capital appropriations shall be used solely for the originally approved project or projects except as provided for in this section.

10.4 Annually, completed or inactive projects will be closed, except for projects that have existing litigation or payment disputes. An inactive project is defined as one where transaction activity is less than \$1,000 over the prior three years. Closures are the responsibility of the designated project manager. The managing department and/or City Manager has the authority to process the necessary documentation to close inactive projects.

10.5 All multi-year CIP projects in existence on June 30, 2012, shall be continued in FY2012/13, except as provided otherwise in Section 10.4. The FY2012/13 CIP Budget is summarized on Schedules 2 and 4 as displayed in Exhibit 4 and on Schedule 4 as displayed in Exhibit 5.

10.6 Unencumbered appropriations for all inactive projects, as defined in Section 10.4, will expire on June 30, following the third full year of the last appropriation to the project. Projects requiring continuing appropriations will require City Council action through programming within the CIP or through a separate appropriation to the project.

10.7 Each fiscal year, on June 30, the balance of each CIP project must be zero or have a positive balance by fund. Projects in excess of the budget from all funding sources (i.e., with a negative balance) shall be treated as follows:

- (1) If the project balance exceeds the budget by \$100,000 or less, the project account shall first be corrected within each fund and, second, any remaining negative balance shall be corrected by a transfer from the project manager's department Operating Budget (all transfers of \$100,000 or less shall be made as provided for in Section 6.2); or

- (2) If the project balance exceeds the budget by more than \$100,000, the project account shall be submitted to City Council for approval by resolution of a corrective plan of action.
 - 10.8 Except in the General Fund, the City Manager is authorized to transfer appropriations up to and including \$100,000:
 - (1) From Project A to Project B if:
 - (a) Project A is complete and has savings; or
 - (b) Project A has not been completed and a revised project estimate confirms that there will be project savings upon completion;
 - 10.9 Upon completion and closure of a capital project, the City Manager is authorized to transfer any remaining project balance:
 - (1) To the available fund balance of the respective fund, the Capital Projects Base Reserve in the Utilities CIP or, in the case of the General Fund, Administrative Contingency; or
 - (2) As provided for in Section 10.8.
 - 10.10 Except as provided for in Section 10.9, the City Manager is authorized to increase or decrease project budget appropriations by not more than \$100,000 for each project. Appropriation changes exceeding \$100,000 in total for any project shall be submitted to the City Council for approval by resolution.
 - 10.11 Community/Neighborhood projects and appropriations established with one-time funding sources under Resolution 2000-682 (11/21/00), 2001-765 (11/20/01), 2003-412 (6/17/03), 2004-551 (6/29/04), 2006-367 (5/23/06), and associated staff reports, are governed by the following procedures:
 - (1) Savings of up to \$50,000 due to lower than expected costs or the securing of alternative funding sources, may be administratively reprogrammed into other projects within the same City Council District, at the request of the City Council District Office and with the approval of the City Manager; or
 - (2) Savings above \$50,000 to be reprogrammed requires City Council approval by resolution.
 - 10.12 Measure A Sales Tax (Funds 2001 and 2005) expenditure and revenue budgets can be loaded into the City's financial system prior to Sacramento
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Transportation Authority (STA) Board approval. Work on CIP projects in these funds is done prior to receiving funding. Project funding/appropriations shall be as follows:

- (1) The City Manager is authorized to enter the revenue/expenditure budgets as reflected in the Approved Budget (revenues) and CIP Budget (expenditures);
- (2) The City Manager is authorized to enter expenditure/revenue budgets prior to STA Board approval; and
- (3) STA Board approval is required for all Measure A reallocations. In cases where the City Council takes action on recommended Measure A reallocations prior to STA Board action, City Council approval shall be contingent on STA Board approval.

10.13 Projects funded by the following reimbursable funds are included within the Operating and CIP Budgets for planning purposes: Grant Funds (Funds 3702, 3703, and 3704). Work on CIP projects funded by these sources is done prior to receiving funding, and project funding/authorization for these projects shall be as follows:

- (1) Funds 3702, 3703, and 3704: Expenditure and revenue budgets will not be loaded into the City's financial system until agreements (Program Supplements/E-76's and Cooperative Agreements, etc.) have been executed between the City and the funding authority.
- (2) Funds 3703 and 3704: The City of Sacramento is eligible to receive federal and/or state funding for certain transportation projects through the California Department of Transportation (Caltrans). Master Agreements, Program Supplemental Agreements, Fund Exchange Agreements, and/or Fund Transfer Agreements must be executed with Caltrans before such funds can be claimed. The Mayor and/or City Manager are authorized to execute all Master Agreements, Program Supplemental Agreements, Fund Exchange Agreements, Fund Transfer Agreements, and any amendments thereto with Caltrans.

The City Manager is authorized to transfer matching funds as specified in the approved CIP from the state and federal Grant Match Program (T15007200) and to enter the revenue/expenditure budgets as reflected in the grant agreement, provided that the amount is not more than \$100,000 different from what was reflected in the Approved CIP Budget which authorized the project funding. Project agreements that exceed

\$100,000 difference from the anticipated budget shall be submitted to the City Council for approval by resolution.

- 10.14 The 2012-2017 CIP Budget (Schedule 4, Exhibits 4 and 5) includes projects that are directly supported by user and developer fees. The City Manager is authorized to adjust department revenue budgets and CIP expenditure budgets for projects directly supported by fees based on the actual fees collected, less any operating costs associated with delivering the service.

SECTION 11. OPERATING GRANTS AND EXTERNALLY FUNDED PROGRAMS (EFP)

- 11.1 City Council approval is required for the establishment and/or cancellation (without completion) of an operating grant/EFP, except as follows:

- (1) Where the operating grant/EFP is under \$100,000 and does not require any of the following:
 - (a) Any increase or decrease, by department by fund, in FTE as authorized in the Approved Budget or by any subsequent approval by the City Council or by the City Manager in accordance with this resolution; or
 - (b) Matching funds from City resources; or
 - (c) Any ongoing service or funding by the City.
- (2) The City Manager is authorized to establish operating grants/EFP in excess of \$100,000, and to authorize spending and allocation of resources in advance of formal agreements in response to governmental requests for public safety assistance related to disasters and national security risks. The department responding to these events shall report to the City Council within 60 days of receiving formal program documents from the requesting governmental agency (agencies) to obtain approval to enter into agreements and accept reimbursements.

- 11.2 The City Manager is authorized to adjust FTE and associated service and supplies, in accordance with Section 5.2, for renewals or expansions of fully offset grants previously approved by City Council.

- 11.3 If the grantor of a grant/EFP requires City Council action, as a condition of funding the grant/EFP, then establishment of the grant/EFP shall require approval by the City Council regardless of the grant amount.

- 11.4 Operating grants/EFP appropriated in the Approved Operating Budget do not require additional City Council approval to be expended upon receipt of such grants or funds for EFP.
- 11.5 All multi-year operating grant/EFP budgets in existence on June 30, 2012, shall be continued in FY2012/13.
- 11.6 The City Manager is authorized to adjust revenue and expenditure budgets for renewals, up to the amount previously approved by City Council, and augmentations up to \$100,000 of fully offset grants and EFPs.
- 11.7 The City Manager is authorized to establish revenue and expenditure budgets for federal/state grant funded youth programs, and parks and recreation programs in the City's financial system based on the prior year award prior to receipt of signed agreements. Project funding/appropriations shall be adjusted based on the final grant agreement. In the event the grant is not renewed or is changed by more than \$100,000, the managing department must return to the City Council for corrective action.
- 11.8 Each fiscal year, on June 30, the balance of each grant/EFP budget must be zero or have a positive balance by fund. Grants/EFP in excess of the budget from all funding sources (total budget has a negative balance) shall be treated as follows:
- (1) If the project balance exceeds budget by \$100,000 or less, the project account shall first be corrected within each fund and, second, any remaining negative balance shall be corrected by a transfer from the project manager's department Operating Budget (all transfers of \$100,000 or less shall be made as provided for in Section 6.2); or
 - (2) If the project balance exceeds budget by more than \$100,000, the project account shall be submitted to City Council for approval by resolution of a corrective plan of action.
- 11.9 The City Manager is authorized to adjust operating and grant expenditure budgets as necessary to account for Council approved grant match and retention obligations.

SECTION 12. MULTI-YEAR OPERATING PROJECTS

- 12.1 MYOPs are used for:
- (1) Economic Development Assistance and Development Programs (e.g., inclusionary housing, infill and low-income fee-waiver programs);

- (2) Planning, audit, and other consultant studies that will take more than one fiscal year to complete; and
 - (3) Other projects and activities that are multi-year in nature and are not capital improvement projects.
- 12.2 City Council approval is required for the establishment and/or cancellation (without completion) of a MYOP.
- 12.3 Unobligated appropriations in existence on June 30, 2012, for all existing MYOPs, shall be carried over to the next fiscal year.
- 12.4 MYOPs shall be used solely for the originally approved program or study. Annually, completed or inactive MYOPs will be closed. An inactive project is defined as one where transaction activity is less than \$1,000 over the prior three years. Closures are the responsibility of the designated project manager. The managing department and/or City Manager have the authority to process the necessary documentation to close inactive projects.
- 12.5 Each fiscal year, on June 30, the balance of each MYOP must be zero or have a positive balance by fund. Projects in excess of the budget from all funding sources (total budget has a negative balance) shall be treated as follows:
- (1) If the MYOP balance exceeds budget by \$100,000 or less, the MYOP shall first be corrected within each fund and, second, any remaining negative balance shall be corrected by a transfer from the MYOPs manager's Operating Budget (all transfers of \$100,000 or less shall be made as provided for in Section 6.2); or
 - (2) If the MYOP balance exceeds budget by more than \$100,000, the MYOP shall be submitted to City Council for approval by resolution of a corrective plan of action.
- 12.6 The City Manager is authorized to increase or decrease MYOP budget appropriations by not more than \$100,000 for each project. Transfers that exceed \$100,000 in total for any MYOP shall be submitted to the City Council for approval by resolution.

SECTION 13. IN-LIEU PROPERTY TAXES AND IN-LIEU FRANCHISE FEE

- 13.1 An in-lieu property tax and in-lieu franchise fee are hereby imposed on the Community Center (Fund 6010), Parking (Fund 6004), and Sacramento Marina (Fund 6009) funds in the amounts provided in Schedule 3 as displayed in Exhibit

4. The City Council finds that the in-lieu property tax as detailed in Schedule 3 represents the property tax revenue, which would be received by the General Fund if the real and personal property owned by these enterprises were taxable under private ownership. The in-lieu franchise fee as detailed in Schedule 3 represents the franchise fees which would be received by the City from private entities as a rental or a toll for the use of City streets and rights-of-way.

SECTION 14. APPROPRIATION LIMITS

14.1 The appropriation limit and the appropriations subject to the limit are hereby amended pursuant to Article XIII B of the California Constitution for FY2012/13 as detailed in Schedule 5 as displayed in Exhibit 4.

SECTION 15. MIDYEAR FINANCIAL REPORT

15.1 The City Council shall be provided a Midyear Financial Report including a revised estimate of the financial condition of all funds, revised estimated revenues and expenditures, and recommendations for eliminating any projected fund deficits.

15.2 The City Council shall act on any projected fund deficits as part of the midyear review.

SECTION 16. MISCELLANEOUS CONTROLS/CONSIDERATIONS

16.1 No expenditures by fund at the department level shall exceed the Approved Operating Budget as amended by any subsequent approval by the City Council or by the City Manager in accordance with this resolution.

16.2 Subject to approval by the City Manager and pursuant to the sections governing transfers and appropriations, projected deficiencies in any department by fund shall be corrected by:

- (1) Reducing expenditures in the department (e.g., freezing vacant positions, restricting purchase orders, etc.); or
- (2) Making an appropriation transfer from Administrative Contingency and/or available fund balance subject to the provisions of Section 6.

16.3 The City Manager is authorized to:

- (1) Adjust budgets to reflect all required debt service payments pursuant to the official statements;

- (2) Adjust revenue and expenditure budgets in the Special Revenue funds based on the actual revenues collected, less any operating costs associated with delivering this service;
- (3) Establish and adjust budgets for private development activities managed in multi-year operating projects, that are fully offset by development fees; and
- (4) Adjust MYOP budgets in the current year based on previous actions of the City Council.
- (5) Establish and adjust MYOPs, EFPs and operating grants as reflected on Schedule 9.
- (6) Transfer fleet replacement budgets from the operating budget to department MYOPs upon adoption of the annual budget.

16.4 In all staff reports that come before the City Council, net budgetary impacts on all funds shall be stated clearly and concisely, including indirect impacts, so that the Councilmembers have a full understanding of the financial considerations and impacts of their decisions.

Table of Contents

- Exhibit 1 – Summary of Changes in Appropriations and New Projects
- Exhibit 2 – Summary of Successor Agency Budget and FTE
- Exhibit 3 – Summary of FTE by Fund and Department
- Exhibit 4 – Approved Operating Budget
- Exhibit 5 – Approved Capital Budget

Exhibit 1

SUMMARY OF CHANGES IN APPROPRIATIONS AND NEW PROJECTS

FY2012/13 Appropriation/Augmentation Summary

Department/ Designation	Fund(s)	Revenue/ Offset Adjustment	Expenditure Adjustment	Net Change / Savings	Funded FTE Change	Description
Negotiated Employee Group Restorations						
Various	Various	\$ -	\$ -	\$ -	28.00	Restore SCXEA proposed reductions and reduce labor budgets to reflect employee payment of the employee's share of retirement contribution.
Fleet and Park Planning and Development Services (PPDS) Restructuring						
Various	General	\$ -	\$ (3,656,110)	\$ (3,656,110)	-	Reduce fleet replacement budgets (<i>Account 474230</i>) to reflect a change from cash purchasing to a pilot debt-financing program for all General Fund operations excluding Public Works.
Citywide and Community Support	General	\$ -	\$ 500,000	\$ 500,000	-	Establish a debt service budget for the pilot Fleet debt-financing program.
Parks and Recreation	General	\$ -	\$ 800,000	\$ 800,000	(4.00)	Restructure PPDS to reduce the overhead costs associated with project delivery.
Miscellaneous Changes						
General Services	Fleet	\$ -	\$ -	\$ -	-	Eliminate 1.0 FTE Integrated Waste Planning Superintendent and add 1.0 FTE Program Specialist in the Fleet Fund.
Community Development	General	\$ 305,800	\$ 428,800	\$ 123,000	1.00	Transfer the City's weed abatement program from the Fire Department to the Community Development Department and add 1.0 FTE Code Enforcement Officer.
Fire Department	General	\$ (225,000)	\$ (348,000)	\$ (123,000)	-	Transfer the City's weed abatement program from the Fire Department to the Community Development Department.
General Fund Revenues	General	\$ 200,000	\$ 75,000	\$ (125,000)	-	Increase General Fund miscellaneous revenues by \$200,000 and increase Administrative Contingency by \$75,000 for expenses related to continuing labor negotiations.
General Services	General	\$ -	\$ 110,900	\$ 110,900	1.00	Restore 1.0 FTE HVAC Systems Mechanic.
Parks and Recreation	General	\$ 25,000	\$ 150,000	\$ 125,000	2.65	Restore Access Leisure program in the amount of \$150k that includes labor \$110k and service and supplies \$40k.
Parks and Recreation	General	\$ -	\$ 100,000	\$ 100,000	-	Establish funding for the Winter Shelter motel/hotel voucher program from savings identified through the Fleet Restructuring proposal.
Total Change¹:		\$ 305,800	\$ (1,839,410)	\$ (2,145,210)	28.65	The identified savings as a result of the Fleet Restructuring proposal will be added to the General Fund Administrative Contingency for expenses related to continuing labor negotiations.

¹Totals reflect the changes from the Proposed Budget Document

New Multi-Year Projects (CIP, EFP, and MYOP¹)

Project Number	Project Name	Description / Scope
I14120700	28th St. Landfill Mitigation Project	Establish a MYOP to fund the replacement of lost habitat values resulting from tree removal at the 28th Street Landfill including the planting of native oak and cottonwood trees, and other vegetation; and implement site maintenance and monitoring standards consistent with sound habitat restoration practices.
I14130100	Low-Income Rate Assistance Program	Establish a low income rate assistance program to help offset 7/1/12 Water and Wastewater rate increases from the budgeted revenues associated with the rate increases.

¹ CIP - Capital Improvement Program/Project, EFP = Externally Funded Project, and MYOP = Multi-Year Operating Project

CIP Amendments (adjustments identified below will be included in the Approved 2012-2017 CIP)

Project Number	Project Name	Fund	Fund #	Revenue	Expenditure	Net Change	Funding Details
V15710000	Parking Facilities Development Program	Parking	6004	\$ -	\$ -	\$ -	Defund the programmed \$8 million from FY2013/14 through FY2016/17.
Various	Water Capital Improvement Projects	Water	6005	\$ -	\$ -	\$ -	Reduce the FY2014/15 CIP by \$8.2 million and eliminate the FY2015/16 and FY2016/17 CIP programming in the Water Fund by \$144.1 million.
Various	Wastewater Capital Improvement Projects	Wastewater	6006	\$ -	\$ -	\$ -	Eliminate the FY2015/16 and FY2016/17 CIP programming in the Wastewater Fund by \$47 million.
Various	Storm Drainage Capital Improvement Projects	Storm Drainage	6011	\$ -	\$ -	\$ -	Reduce the FY2014/15 CIP by \$7.9 million and eliminate FY2015/16 and FY2016/17 CIP programming by \$32.3 million in the Storm Drainage Fund.
Total				\$ -	\$ -	\$ -	

MYOP Amendments (adjustments identified below will be included on Schedule 9 of the Approved Budget)

Project Number	Project Name	Fund	Fund #	Revenue	Expenditure	Net Change	Funding Details
I14120200	Solid Waste Outreach	Solid Waste Grant	6207	\$ 270,000	\$ 270,000	\$ -	Solid Waste Public Education and Outreach program, funding from CalRecycle (State).
I14130100	Low-Income Rate Assistance Program	General	1001	\$ -	\$ 1,130,700	\$ 1,130,700	Establish a low income rate assistance program to help offset 7/1/12 Water and Wastewater rate increases from the budgeted revenues associated with the rate increases.
Total				\$ 270,000	\$ 1,400,700	\$ 1,130,700	

SUMMARY OF SUCCESSOR AGENCY BUDGET AND FTE

FY2012/13 Successor Agency Administrative Budget

Department/ Designation	Fund(s)	Expenditure Adjustment	Reimbursements	Net Change / Savings	Funded FTE Change	Description
City Attorney	General Fund (1001)	\$ 303,004	\$ (303,004)	\$ -	1.00	Addition of a Deputy City Attorney II (1.0 FTE) and \$125,000 for professional services associated with the Successor Agency.
City Clerk	General Fund (1001)	\$ -	\$ (33,344)	\$ (33,344)	-	Establish a reimbursement for work associated with the Successor Agency.
City Manager	General Fund (1001)	\$ -	\$ (14,275)	\$ (14,275)	-	Establish a reimbursement for work associated with the Successor Agency.
City Treasurer	General Fund (1001)	\$ -	\$ (78,817)	\$ (78,817)	-	Establish a reimbursement for work associated with the Successor Agency.
Economic Development	General Fund (1001)	\$ -	\$ (227,219)	\$ (227,219)	-	Establish a reimbursement for work associated with the Successor Agency.
Finance	General Fund (1001)	\$ 411,699	\$ (464,918)	\$ (53,219)	2.00	Addition of a Senior Accountant Auditor (1.0 FTE), Principal Accountant (1.0 FTE), and \$40,000 for professional services to manage the funds and reporting responsibilities associated with the Successor Agency.
General Services	General Fund (1001)	\$ -	\$ (78,424)	\$ (78,424)	-	Establish a reimbursement for work associated with the Successor Agency.
Successor Agency	various	\$ -	\$ 1,200,000	\$ 1,200,000	-	Establish a reimbursement for work associated with the Successor Agency.
Economic Development	General Fund (1001)	\$ -	\$ (100,000)	\$ (100,000)	-	Establish a reimbursement for Successor Agency project management.
Successor Agency	various	\$ 485,297	\$ 100,000	\$ 585,297	-	Establish a Successor Agency budget to address unknown expenditures or contingency in the event that the administrative funds are less than estimated for the newly established Successor Agency oversight responsibilities and reimbursements related to project management.
Total Change:		\$ 1,200,000	\$ -	\$ 1,200,000	3.00	

**SUMMARY OF FTE BY FUND AND DEPARTMENT
FY2012/13 FULL-TIME EQUIVALENT (FTE) POSITIONS**

**Summary of FTE by Fund and Department
FY2012/13 Full-Time Equivalent (FTE) Positions**

Fund / Department	FY2011/12 Amended	Reductions	Other Modifications	FY2012/13 Proposed	Council Adjustments*	FY2012/13 Approved
General Fund (1001)						
Mayor/Council	35.00	-	(3.00)	32.00	-	32.00
City Attorney	46.00	(2.00)	-	44.00	3.00	47.00
City Clerk	10.00	-	-	10.00	-	10.00
City Manager	15.00	(1.00)	(3.00)	11.00	1.00	12.00
City Treasurer	12.00	-	-	12.00	-	12.00
Citywide and Community Support	-	-	19.00	19.00	-	19.00
Community Development	165.50	(9.00)	(2.00)	154.50	4.00	158.50
Convention, Culture & Leisure	34.83	(2.00)	(1.00)	31.83	1.00	32.83
Economic Development	14.00	(1.00)	(3.00)	10.00	1.00	11.00
Finance	74.00	(3.00)	1.00	72.00	3.00	75.00
Fire	590.00	(36.50)	(28.00)	525.50	1.50	527.00
General Services	133.50	(6.00)	2.00	129.50	2.50	132.00
Human Resources	29.00	(1.00)	-	28.00	1.00	29.00
Information Technology	49.00	(2.00)	-	47.00	1.00	48.00
Parks & Recreation	272.90	(7.00)	(8.85)	257.05	1.65	258.70
Police	960.96	(54.00)	(65.00)	841.96	4.00	845.96
Public Works	349.25	(19.25)	4.00	334.00	3.00	337.00
Subtotal General Fund	2,790.94	(143.75)	(87.85)	2,559.34	27.65	2,586.99
4th R Latchkey Program (6012)						
Parks & Recreation	140.55	(3.05)	-	137.50	-	137.50
City/County Office of Metropolitan Water Planning (7103)						
Citywide and Community Support	-	-	4.00	4.00	-	4.00
Utilities	4.00	(4.00)	-	-	-	-
Community Center (6010)						
Convention, Culture & Leisure	93.15	(2.00)	-	91.15	0.50	91.65
Fleet Management (6501)						
General Services	91.00	(4.00)	(1.00)	86.00	1.00	87.00
Golf (2603)						
Convention, Culture & Leisure	-	-	1.00	1.00	-	1.00
Parking (6004)						
Public Works	59.25	(1.50)	-	57.75	-	57.75
Risk Funds (6502, 6504)						
Human Resources	40.00	(1.50)	-	38.50	1.50	40.00
Sacramento Marina (6009)						
Convention, Culture & Leisure	7.80	-	-	7.80	-	7.80
Solid Waste (6007)						
General Services	160.00	(5.00)	(6.00)	149.00	-	149.00
START (2501)						
Parks & Recreation	157.50	-	-	157.50	-	157.50
Storm Drainage (6011)						
Utilities	216.50	(7.00)	(20.50)	189.00	3.00	192.00
Wastewater (6006)						
Utilities	70.50	(1.00)	6.50	76.00	-	76.00
Water (6005)						
Utilities	246.50	(6.50)	(3.00)	237.00	-	237.00
Grand Total	4,077.69	(179.30)	(106.85)	3,791.54	33.65	3,825.19

* Staffing changes related to SCXEA agreement, successor agency budget, Access Leisure restoration, PPDS restructuring, and Weed Abatement.

Exhibit 4

Insert

FY2012/13 APPROVED OPERATING BUDGET

Insert

APPROVED 2012-2017 CAPITAL IMPROVEMENT PROGRAM



Sum of FTE Restored				
Union Group	Department	Fund	Job Classification	Total
Confidential & Administrative	City Attorney	1001	Legal Secretary (Ex)	1.00
	City Attorney Total			1.00
	Community Development	1001	Administrative Technician	1.00
	Community Development Total			1.00
	Fire	1001	Staff Aide	0.50
	Fire Total			0.50
	Human Resources	6504	Staff Assistant	1.00
	Human Resources Total			1.00
	Public Works	1001	Administrative Technician	1.00
	Public Works Total			1.00
Confidential & Administrative Total				4.50
Management Employees	City Attorney	1001	Senior Deputy City Attorney	1.00
	City Attorney Total			1.00
	City Manager	1001	E-Government Manager	1.00
	City Manager Total			1.00
	Community Development	1001	Chief Building Inspector	1.00
			New Growth Manager	1.00
	Community Development Total			2.00
	Convention, Culture & Leisure	1001	Staff Aide (Management)	1.00
	Convention, Culture & Leisure Total			1.00
	Economic Development	1001	Senior Development Project Mgr	1.00
	Economic Development Total			1.00
	Finance	1001	Senior Accountant Auditor	1.00
	Finance Total			1.00
	Fire	1001	Program Specialist	0.50
	Fire Total			0.50
	General Services	1001	Contract and Compliance Spclst	1.00
	General Services Total			1.00
	Human Resources	1001	Personnel Analyst	1.00
	Human Resources Total			1.00
	Information Technology	1001	Principal Systems Engineer	1.00
	Information Technology Total			1.00
	Parks & Recreation	1001	Administrative Officer	1.00
	Parks & Recreation Total			1.00
	Police	1001	Police Administrative Manager	1.00
			Police Captain	1.00
			Police Lieutenant	1.00
	Police Total			3.00
	Public Works	1001	Administrative Officer	1.00
			Principal Planner	1.00
	Public Works Total			2.00
Utilities	6011	Senior Engineer	1.00	
		Supervising Engineer	1.00	
Utilities Total			2.00	
Management Employees Total				18.50
Management Support	Convention, Culture & Leisure	6010	Administrative Analyst	0.50
	Convention, Culture & Leisure Total			0.50
	Fire	1001	Program Analyst	0.50
	Fire Total			0.50
	General Services	1001	Program Analyst	0.50
			6501	Program Analyst
	General Services Total			1.50
	Human Resources	6504	Workers' Compensatn Claims Rep	0.50
	Human Resources Total			0.50
	Police	1001	Program Analyst	1.00
Police Total			1.00	
Utilities	6011	Administrative Analyst	1.00	
Utilities Total			1.00	
Management Support Total				5.00
Grand Total				28.00



ATTACHMENT C

UTILITIES LOW-INCOME RATE ASSISTANCE PROGRAM

As part of the Utilities Rate Advisory Commission's recommendations to City Council pertaining to the adoption of water and wastewater rate increases for FY2012/13 through FY2014/15, the Commission recommended that the City use the increased increment of revenue to the General Fund that is generated by the increased rates (provided through the General Fund tax), to establish and operate a low-income rate assistance program to help offset the costs of these rate increases on low-income residents.

On May 22, 2012, Council directed the City Manager to develop and implement a utilities low-income rate assistance program using the additional General Fund utilities tax revenue that will be generated from the adopted rate increases for water and wastewater services as the funding source. It is estimated that approximately \$1.1 million in additional General Fund utilities tax revenue will be generated from the adopted rate increases for FY2012/13 for water and wastewater services (\$782,000 for the water fund and \$347,000 for the wastewater fund).

Staff will provide an update to Council on the status of the Utilities Low-Income Rate Assistance Program by October 2012 and implement the program no later than January 2013. The proposed rate assistance program will address the mechanisms for providing rate assistance to qualified rate payers and recommend an effective date for the program.