



City of Sacramento City Council

915 I Street, Sacramento, CA, 95814
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Meeting Date: 6/19/2012

Report Type: Consent

Title: Direction of Unbudgeted One-time Revenues to the Economic Uncertainty Reserve

Report ID: 2012-00585

Location: Citywide

Recommendation: Pass a Resolution directing one-time General Fund Revenues to the Economic Uncertainty Reserve.

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

Presenter:

Department: Finance

Division: Budget Office

Dept ID: 06001411

Attachments:

1-Description/Analysis
2-Resolution

City Attorney Review

Approved as to Form
Gerald Hicks
6/14/2012 8:23:50 AM

Approvals/Acknowledgements

Department Director or Designee: Leyne Milstein - 6/13/2012 5:03:47 PM



Description/Analysis

Issue: The City of Sacramento established an Economic Uncertainty Reserve (EUR) in Fiscal Year 1983/84. The purpose of this reserve is to bridge unanticipated gaps between revenues and expenditures during periods of significant revenue declines and/or expenditure growth. During the budget hearing on June 12, 2012, Councilmember Schenirer requested that staff bring forward a Resolution directing one-time unbudgeted revenues to the EUR.

Policy Considerations: The City Council adopted an EUR Policy in June 2011 (Resolution 2011-391, Section 6). The adopted EUR goal is to achieve a reserve equal to 10% of the annual General Fund Revenues. The proposed recommendation to direct one-time revenues not required to balance the budget to the EUR further supports the existing policy.

Environmental Considerations: 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 the City continue efforts to achieve fiscal sustainability. Adoption of the attached resolution directing one-time revenues to the EUR will further the City’s efforts to achieve a reserve equal to 10% of General Fund revenues.

Financial Considerations: Directing one-time revenues not needed for balancing current fiscal year budgets provides resources needed to address unanticipated shortfalls in the future and puts the City in a better financial position relative to cash flow needs.

Emerging Small Business Development (ESBD): Not applicable.



RESOLUTION NO.

Adopted by the Sacramento City Council

DIRECTION OF ONE-TIME GENERAL FUND REVENUES TO THE ECONOMIC UNCERTAINTY RESERVE

BACKGROUND

- A.** The City Council has adopted a goal to gradually achieve a 10 percent reserve balance in the General Fund.
- B.** This reserve is maintained for the purpose of bridging a gap between projected revenue and expenditures during periods of significant revenue declines and/or expenditure growth and to ensure the City has adequate resources in case of an emergency or unforeseen events.
- C.** The balance in the General Fund Economic Uncertainty Reserve as of June 2012 is \$20.3 million, approximately 5.5 percent of estimated FY2012/13 General Fund revenues.

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

- Section 1. Unbudgeted one-time general revenue received in a fiscal year, not required to balance the budget as part of the midyear review or year-end close for that fiscal year, shall be added to the General Fund Economic Uncertainty Reserve.