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Report Type: Consent

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Title: The Office of the Independent Budget Analyst's Full Review of the 2016/17 Proposed Budget

Location: Citywide

Recommendation: Receive and file.

Contact: John Silva, Independent Budget Analyst, (916) 808-5991, Office of the Independent Budget Analyst

Presenter: None

Department: Mayor/Council

Division: Independent Budget Analyst

Dept ID: 01001301

Attachments:

1-Description/Analysis

2-IBA Full Review of FY2016/17 Budget

City Attorney Review

Approved as to Form

Matthew Ruyak

5/11/2016 5:17:45 PM

Approvals/Acknowledgements

Department Director or Designee: John Silva - 5/10/2016 12:30:20 PM

Description/Analysis

Issue Detail: This document transmits the Full Review of the 2016/17 Proposed Budget by the Office of the Independent Budget Analyst (IBA). The Proposed Budget outlines the recommended spending plan and revenue estimates for the coming fiscal year and can be found on the City's website at <http://www.cityofsacramento.org>.

The total \$961.1 million budget includes \$424.9 million in General Fund (GF) operations, which is an increase of approximately \$31.1 million (or 7.8%) over the amended 2015/16 Budget. The Proposed Budget also includes \$497.3 million in Enterprise Funds and other fund operations, and approximately \$57 million for the Capital Improvement Program (CIP). The Proposed Budget includes staffing of 4,484.27 Full-Time Equivalents (FTE) which represents an increase of 56.91 FTE (or 1.2%) over the amended 2015/16 Budget.

Overall, the Proposed Budget continues to benefit from a recovering economy, continued growth in the major tax revenues –Property Tax, Sales Tax, and Utility Users Tax–and increases in charges, fees, and services. The continued growth of the City's revenue has allowed the Proposed Budget to include strategic investments of nearly \$20 million in the Mayor and Council's budget priority categories of Public Safety, Economic Development, Youth and Education, Good Governance, and Quality of Life.

For the remainder of the budget process, these are the key dates for IBA activities and deliverables:

- **June 9:** IBA presents final revised review of Proposed Budget
- **June 14:** Budget Adopted

Policy Considerations: The recommendations in this report are consistent with the City Council direction to identify opportunities for good governance, improved transparency, and public engagement for budget priorities.

Economic Impacts: Not applicable.

Environmental Considerations: Not applicable.

Sustainability: Not applicable.

Commission/Committee Action: As directed by the actions of the Budget and Audit Committee at the May 3, 2016, Budget and Audit Committee Meeting, this report is presented to the City Council for consideration.

Rationale for Recommendation: The information provided in this report reflects analysis performed by the Independent Budget Analysts Office with regards to the review of the 2016/17 Proposed Budget.

Financial Considerations: The 2016/17 Proposed Budget includes an estimated GF surplus of approximately \$8.3 million. To the extent that new or additional services are included that have not already been captured, the expected GF ending balance could be reduced or eliminated. As the 5-year forecast estimates a GF structural imbalance beginning in 2017/18, using the 2016/17 GF surplus for additional activities will exacerbate the problem in the out years.

Local Business Enterprise (LBE): Not applicable.



Review of the Fiscal Year 2016/17 Proposed Budget

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High Level Review of the 2016/17 Proposed Budget

General Overview: The Proposed Budget is a sensible, balanced budget that includes conservative revenue projections that adequately support moderate expenditure increases in 2016/17. The total \$961.1 million budget includes \$424.9 million in General Fund (GF) operations, which is an increase of approximately \$30.9 million (or 7.8%) over the amended 2015/16 Budget. The Proposed Budget also includes \$479.3 million in Enterprise Funds

and other fund operations, and approximately \$57.0 million for the Capital Improvement Program (CIP).

The Proposed Budget includes staffing of 4,484.27 Full-Time Equivalent (FTE) which represents an increase of 56.91 FTE (or 1.2%) over the amended 2015/16 Budget. We note that the 2016/17 Proposed Budget includes FTE that were established during the 2015/16 midyear budget process. For midyear changes please see page 270 of the

Strengths:

- Budget is structurally balanced for 2016/17 including an estimated \$8.3 million ending fund balance in the General Fund (GF).
- Revenue projections are conservative and appropriate.
- Majority of the Mayor and Council priorities identified in the Mayor’s Budget Priorities Memo are included.
- Proposed expenditures align with the Mayor and Council’s approved Core Budget Policies and Budget Guidelines.
- Includes a \$4.2 million one-time transfer to the Economic Uncertainty Reserve (EUR) to reach the Mayor and Council’s adopted goal of 10.0% of annual GF revenues.
- Funding for program and service improvements should increase public safety, increase staff efficiency, and improve City services for Sacramento residents.

Challenges:

- Beginning in 2017/18, the GF is expected to have a structural imbalance as expenditures outpace revenues by approximately \$2.0 million.
- Budget continues to be heavily reliant on Measure U funding creating a significant GF burden upon the expiration of the tax in 2019.
- Except for the Sacramento Firefighters Local 522 and SCXEA contracts, the five-year GF forecast holds labor contracts that expire in June 2017 constant.
- CalPERS rate increases are expected for the foreseeable future resulting in an additional \$25.0 million in costs within five years when compared to 2016/17 projected costs.
- Approximately \$57.0 million is included for the Capital Improvement Program (CIP); however, significantly more funding is needed to address growing deferred maintenance and aging infrastructure.
- Storm Drainage Fund continues to rely upon fund reserves as a rate increase has not occurred since the 1990’s.

High Level Review of the 2016/17 Proposed Budget

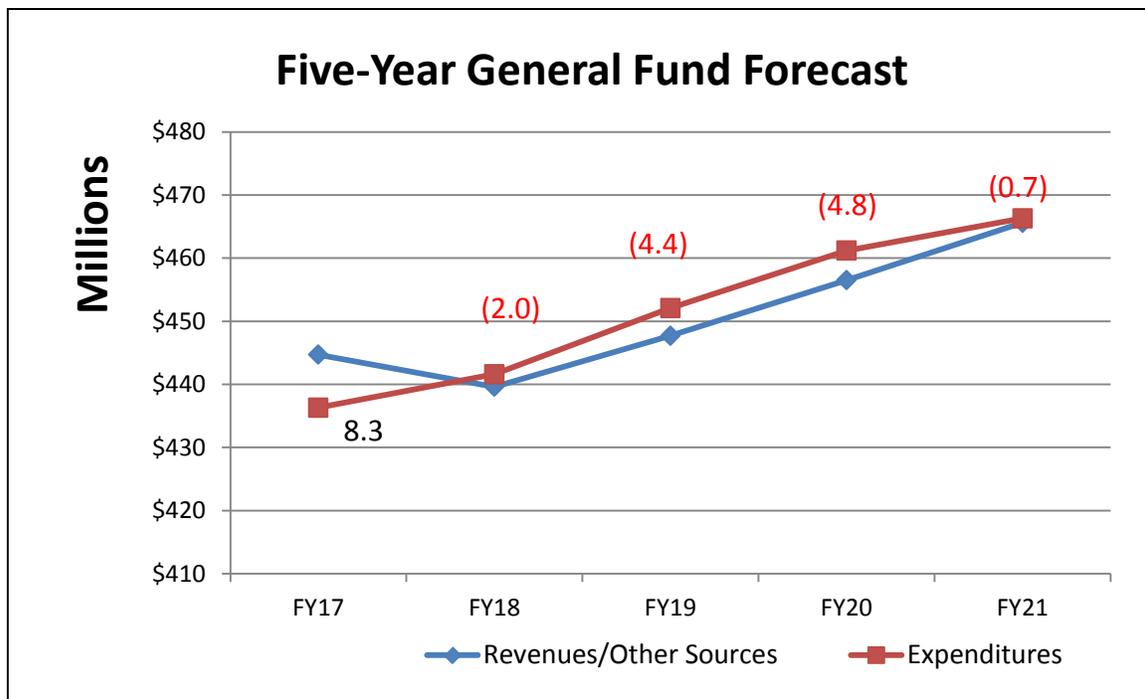
2016/17 Proposed Budget.

Overall, the Proposed Budget continues to benefit from a recovering economy, continued growth in the major tax revenues –Property Tax, Sales Tax, and Utility Users Tax—and increases in charges, fees, and services. The continued growth of the City’s revenue has allowed the Proposed Budget to include strategic investments of nearly \$20.0 million in the Mayor and Council’s budget priority categories of Public Safety, Economic Development, Youth and Education, Good Governance, and Quality of Life. In addition to funding for both one-time and ongoing activities, the Proposed Budget includes an expected transfer of \$4.2 million to the Economic Uncertainty Reserve (EUR) resulting in a balance that

accomplishes the Mayor and Council’s adopted goal of a reserve that equals 10.0% of GF revenues.

While a balanced budget with an estimated GF surplus of \$8.3 million is a great achievement, we must continue to be fiscally prudent and adhere to the policy of not funding ongoing activities with one-time sources. This will be critical as we move throughout the budget process and fiscal year as the five-year GF forecast estimates that the GF will be structurally imbalanced beginning in 2017/18.

As the chart below shows, it is estimated that GF expenditures will outpace GF revenues by almost \$2.0 million in the out-year, growing to nearly \$5.0 million in



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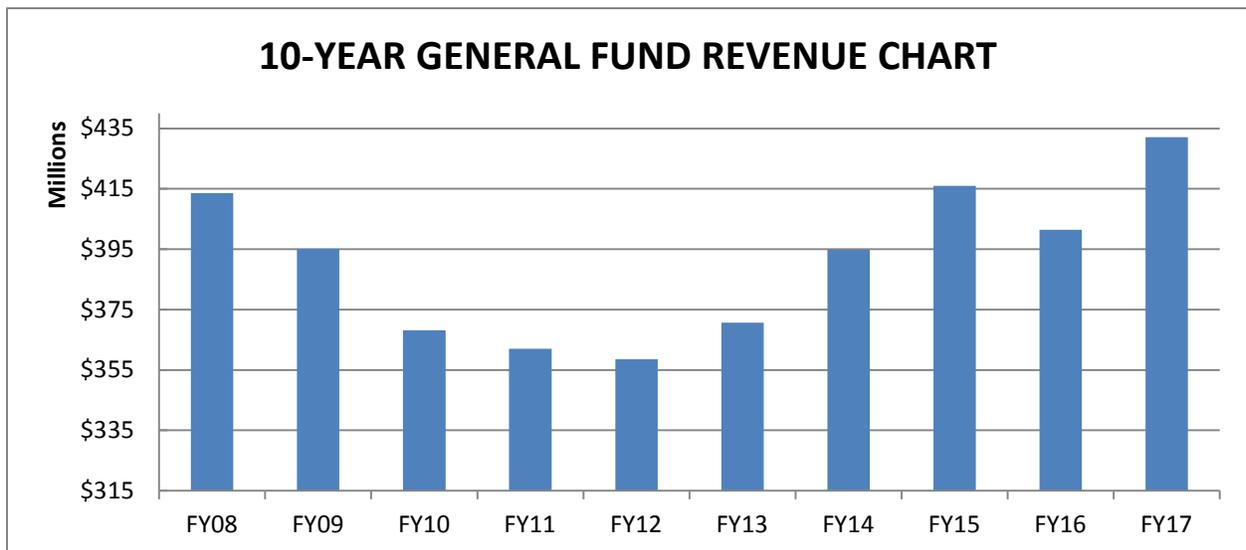
2019/20. Maintaining the estimated 2016/17 positive GF ending balance will strengthen the City’s ability to balance future budgets as the structural imbalance grows. However, we must consider other cost saving or revenue generating alternatives as exhausting the surplus is not a recommended budgeting practice. Additionally, a positive GF fund balance becomes an even higher priority as we approach the expiration of Measure U in March 2019. As projections indicate, the GF will have a deficit of more than \$36.0 million in 2019/20 with the loss of Measure U revenue unless significant reductions are made to the staffing and services that the measure restored.

GF Revenue Projections: The economic recovery in Sacramento post-recession has steadily improved as

indicated by the chart below. This improvement can be seen in the projected GF revenues for 2016/17 as the Proposed Budget estimates GF revenues at \$432.1 million. This represents an increase of approximately \$30.7 million (or 7.6%) over the amended 2015/16 Budget.

The major revenue assumptions included in the Proposed Budget that result in a positive increase over the previous year include the following:

- Continued growth in Property Tax, Sales Tax, Utility Users Tax, and Charges, Fees, and Services.
- A 20.0% increase in on-street parking revenue over 2015/16 due to changes in parking operations and the opening of the Golden 1 Center.
- An accounting change of recreation fees for service of \$3.0 million that were



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previously deposited to the Parks Special Recreation Fund.

Our office believes that the GF revenue estimate for 2016/17 combines a positive economic outlook with maintaining appropriately conservative projections. These factors were carried into the five-year projection for GF revenue as well. As such, consideration could be given to some revenue categories in the out-years as future circumstances could increase deposits beyond the estimated amounts in the projection. For example, we note that the Transient Occupancy Tax (TOT) maintains an average growth rate over the five-year period. However, new hotels are being planned and under construction in Sacramento. The increase in available rooms within the City should increase TOT revenue with the potential to significantly surpass the estimated growth rate. Likewise, the projection for Real Property Transfer Taxes incorporates a nominal growth rate over the five-year period. While this probably more accurately aligns with the historic volatility of the taxes, the continued positive economic outlook could be considered as a basis to expect a higher rate of real property transfers over the next couple of years.

Overall, we recommend to continue monitoring these categories rather than altering revenue projections. The Proposed

Budget maintains a positive revenue trend over the five-year period. While that scenario could occur, recent history suggests we should expect and plan for a potential revenue decline. Should particular revenue categories be changed and not materialize as expected, it would exacerbate the estimated GF structural imbalance projected for 2017/18. Additionally, if we experienced an overall GF revenue decline in any of the out-years, the burden to continue services would fall on the EUR and effectively eliminate its current balance.

Comparison of Mayor/Council Priorities to the Proposed

Budget: On March 1, 2016, the Mayor and City Council unanimously approved the Mayor's Budget Priorities Memo which provided direction to the City Manager for the development of the 2016/17 Proposed Budget. The memo recommended that the City Manager submit a Proposed Budget that is balanced and guided by the approved core budget policies and budget guidelines and by the 31 budget priorities listed in the memo.

This was the second year of implementing a new community-centered budget process that provided Sacramento residents with multiple opportunities to participate and help define which city activities were the

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most important to fund. With budget forums hosted by our office, a citywide phone poll, and a Mayor’s Community Leaders Budget, we believe the budget priorities adequately captured the public’s input.

The budget priorities were split into the following five categories:

- Public Safety
- Economic Development
- Youth and Education
- Good Governance

- Quality of Life

Overall, the Proposed Budget includes full or partial funding for most of the budget priorities. Of the 31 items, only 3 priorities were not considered for funding. Of those that were funded, the Proposed Budget includes over \$20.0 million. For those priorities that were not funded, partially funded or require a more detailed discussion, lengthier descriptions are included after the FY 16/17 Mayor and Council Budget Priorities table.

FY 16/17 Mayor & Council Budget Priorities		Status	Comment
Public Safety			
1	Community Policing	Full Funding	The Proposed Budget includes the City match for 15 Officer positions that were part of a 2015 Federal Grant. Additionally, the Proposed Budget assigns 8 officers to patrol that previously were in forensics and backfills the forensic positions with lower-cost civilian positions.
2	Recruiting a Diverse Police Force	Continued Implementation	Police Department continues to operate the "Hiring Pipeline" program.
3	Fire Station 10	No Funding	Replacement of Fire Stations 14 and 15 are department's top priority and funding is included to complete both by fall of 2017.
4	Park Rangers	Full Funding	3.0 FTE Park Safety Rangers were included as part of the 2015/16 midyear process. The Proposed Budget includes an additional 1.0 FTE Park Safety Ranger with funding being offset by a reduction of a vacant position.
Economic Development			
5	Improving our Business Climate	Full Funding	An increase from \$40,000 to \$100,000 is proposed to develop a fee for service program with four ethnic chambers to bring about local economic growth. Additionally, the Proposed Budget includes funding for costs associated with marketing as requested in the Mayor's Budget Priorities Memo.
6	Railyards as an Innovation Dist.	Full Funding	The Proposed Budget continues funding for a full-time project manager to advance this Innovation District.
7	Sacramento Center for Innovation	Continued Implementation	Efforts to identify and secure federal grant funding can be accomplished with existing resources.
8	MedZone	Continued Implementation	Recommendation for the project will be presented to Council for consideration.
9	Streetcar	Continued Implementation	Efforts to identify and secure funding can be accomplished with existing resources.
10	Community Center Theater	Continued Implementation	A report was presented to Council regarding the renovation of the theater. Additionally, resources are available to develop a funding plan and plans for an integrated Convention Center and theater.
11	SEED Corp.	Full Funding	The Proposed Budget includes \$150,000 to reactivate the corporation which must include selecting a five-member board of directors appointed by the Mayor and confirmed by Council. Additionally, \$1.2 million is available in Del Paso Heights Redevelopment Area bond proceeds. However, the Proposed Budget implies that the bond proceeds are unavailable to capitalize the corporation. A policy decision will be needed to determine how the bond proceeds should be spent.
12	Investing in our Riverfront	Full Funding	The Proposed Budget includes 1.0 FTE Project Manager in the Economic Development Department to coordinate a multi-year effort to address the Riverfront.
13	Innovation and Growth Fund	Continued Implementation	City staff continues to refine the existing funding policy and is expected to bring revised criteria for the use of the fund to Council
14	Natomas Site Reuse	Continued Implementation	A progress report was presented to Council by the Sacramento Kings. Additionally, the City is prepared to support the Kings in terms of expedited planning, review, and community engagement.

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Youth and Education			
15	Summer Night Lights	Full Funding	The Proposed Budget includes \$300,000 for Summer 2017.
16	Mayor's Gang Prevention Task Force	Full Funding	The Proposed Budget includes \$1.2 million to continue the task force. Future funding could be available if Measure Y is approved by the voters in June 2016.
17	Meadowview Community Development	Full Funding	The Proposed Budget includes \$500,000 to install modular facilities to house a Boys and Girls Club adjacent to the Valley Hi Library. Additional funding could be considered if Measure Y is approved by the voters in June 2016.
18	African America Child Death Program	Full Funding	\$750,000 has already been provided by the City. Continued funding should come from Sacramento County which received a \$20 million grant from First Five.
19	Youth and Education Department	Consider at Midyear	As the vote for Measure Y is June 2016, funding for the Youth and Education department was not included in the Proposed Budget. Should the measure pass, funding for the department can be considered as part of the midyear process.
20	4th R and Start	Full Funding	The Proposed Budget includes approximately \$2 million to subsidize these programs. Future funding for these programs could be considered if Measure Y is approved by the voters in June 2016.
Good Governance			
21	Midyear Budget Policy	Adopted 4/26	Provides a process for when items can be considered for funding.
22	Economic Uncertainty Reserve	Adopted 4/26	Implements a 10% minimum of General Fund revenue and sets a goal of 17% General Fund expenditures. Additionally, it is expected the City will receive a payment of \$4.2 million from the State of California in August 2016. Should that amount be transferred to the EUR, we will reach the 10% minimum.
23	OPEB Funding Policy	Adopted 2/16	The approved policy sets direction for future negotiations with employee groups. Additionally, the Proposed Budget includes \$1 million to the OPEB Trust Fund.
24	City Auditor's Office	No Funding	The City Auditor's Office received an additional position in October 2015 which is being offset by utility funds. Continued funding for that position is included in the Proposed Budget. However, there are no additional positions being recommended.
25	311 Call Center Modernization	Full Funding	The Proposed Budget includes \$315,000 to modernize current workspaces in an effort to reduce attrition and onboarding costs and improve services to Sacramento residents.
Quality of Life			
26	Homelessness Task Force	Full Funding	Both the Proposed Budget and the five-year forecast include \$1 million annually to continue funding for Common Cents and Sacramento Steps Forward.
27	Parks Improvement and Maintenance	Full Funding	The Capital Improvement Program (CIP) includes \$4.2 million in Measure U funding to perform a citywide facility assessment and address critical improvements at community centers, park facility roofs, and water supply issues at park facilities.
28	Bike Trail Funding	Partial Funding	\$200,000 was included at 2015/16 midyear to develop the next phase in the Sacramento River Parkway Bike Trail. While the Proposed Budget does not include new funding for the two trails, we note City staff continue to work on identifying funding opportunities and addressing right-of-way challenges for both trails.
29	Infrastructure Improvements	Full Funding	The CIP includes almost \$30 million to address infrastructure improvements. However, the deferred backlog for roads and bridges alone is approximately \$150 million.
30	Code Enforcement	Full Funding	The Proposed Budget includes funding for 1.0 FTE Code Enforcement Officer as well as continued funding of 1.0 FTE Code Enforcement Officer that was approved during the 2015/16 midyear process.
31	Digital Billboard Revenues	No Funding	The Proposed Budget continues to redirect billboard revenues to the General Fund.

The following items included in the Mayor's Budget Priorities Memo were either not funded, partially funded, or require a more detailed discussion:

- Community Policing – The Proposed Budget includes funding to provide the required match for 15 Officer positions that the City received federal funding for. Additionally, 8 current Officer positions will transfer from forensics to

patrol. As we move toward the nationally recognized benchmark of 2 officers per 1,000 residents, consideration should be given to the Police department's ability to recruit for additional positions and the capacity to have those positions complete training in a given fiscal year.

- Fire Station 10 – Funding was not included to renovate or replace this

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station that serves the southern part of the City. Two stations, Fire Stations 14 and 15, that are considered to be the Fire Department's top priorities did receive additional funding to complete each project in the fall of 2017. We note that Fire Station 4, which is located near Alhambra Blvd., is also a higher priority for replacement for the department than Fire Station 10.

- SEED Corp. – The Proposed Budget includes \$150,000 to activate the corporation. While there is \$1.2 million in redevelopment bond proceeds available for the Del Paso Heights area, the Proposed Budget implies those funds are unavailable for use by SEED Corp. A discussion should be had to determine if the activities being proposed are eligible for this funding.
- Youth and Education Department – Funding was not included for this new department as the potential revenue source, Measure Y, will be voted on in June. Should the measure pass, revenue collection would begin in January 2017 at which point funding for the department positions and activities could be considered during the midyear process. Potential programs that could receive funding include 4th R, START,

and the Mayor's Gang Prevention and Intervention Task Force.

- City Auditor's Office – Funding was not included for additional staff in the City Auditor's Office. The requested position would have been responsible for handling the Auditor's Office Whistleblower Hotline which has experienced a significant increase in call volume. We note this is the second consecutive year the Mayor's Budget Priorities Memo has requested to fund this position.
- Bike Trail Funding – New funding was not included for either the Sacramento River Parkway Bike Trail or the Two Rivers Bike Trail. City staff are currently working on identifying additional funding opportunities and addressing critical right-of-way issues which have delayed these two trails. We note the Public Works Department added a Citywide Bicycle and Pedestrian Coordinator who should assist in getting these projects completed.
- Infrastructure Improvements – The proposed CIP for 2016/17 is approximately \$56.9 million which includes about \$30.0 million to address the City's aging infrastructure. While that is a significant investment, the

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backlog for deferred maintenance citywide is many times larger than what funding is available.

- **Digital Billboard Revenues** – Currently, revenue generated from four digital billboards results in \$720,000 annually to the GF. Prior to 2011, a funding split was in place that directed some of the revenue back to the districts that housed the billboards. The Proposed Budget does not include a return to that funding split. We note that any change to the current process would result in the need of a GF backfill.

In addition to the Mayor and Council budget priorities listed above, the Proposed Budget includes funding for the expansion of programs and services to address other critical needs. A summary of these proposals are included in the “Significant Funding Adjustments” section or in the individual department reviews. Overall, these proposals result in approximately 43.0 FTE and \$8.0 million, of which \$4.8 million is GF.

Financial Outlook – 2017 and Forward: The Proposed Budget provides a very positive outlook for 2016/17 and addresses Mayor and Council goals of establishing a 10.0% EUR, contributing to OPEB, and allocating funds

for budget priorities. Additionally, the Proposed Budget includes investments in key areas that will provide or enhance services and programs for residents as well as sets aside funds for CIP to address critical programs and infrastructure needs.

Although the economy is growing moderately and we expect a GF surplus due to significant growth in major tax revenues, it is imperative that we remain grounded and spend conservatively as the five-year forecast estimates that GF expenditures will outpace GF revenues starting as soon as 2017/18. Once you include the loss of Measure U in 2019, the GF is expected to have a shortfall of more than \$36.0 million by 2019/20.

Looking ahead to 2017 and beyond, we have identified several items that will further impact our GF revenues and GF expenditures. To ensure we maintain essential community services and remain afloat, we must implement sound fiscal strategies to address the challenges identified below:

- **Real Estate Tax Revenue is Unpredictable & Volatile:** Property taxes are a significant GF revenue source and positive growth is expected in 2016/17. However, the real estate market is extremely risky, volatile, and difficult to forecast.

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History has shown that real estate typically follows a 5-year cycle. Using that as a guide, we would appear to be in about year 4 of this current cycle. While construction and investment in Downtown housing and the removal of the Natomas construction moratorium will add taxable parcels increasing property tax revenue, this revenue will not be realized by the City until two years after the projects are completed and included on the assessor's tax roll.

- **Utility Users Tax - Slow Growth Forecasted:** While Sales and Use tax is expected to grow slowly but steadily in the out years, the Utility Users Tax, which represents 14.0% of GF revenue, has an estimated growth of just 1.0% in the out years due to decline in cable subscriptions and wired telecommunications. This is following industry trends as more individuals are opting for non-cable sources for entertainment and fewer residences have home phones.
- **Expiration of Measure U Funds March 2019:** At this point we have not identified a plan or have adequate resources available to

transition Measure U programs to the GF with the exception of a few positions and program transfers in the Proposed Budget. While GF expenditures are expected to continue to grow, Measure U funds will end on March 31, 2019, resulting in a significant imbalance in 2019/20 once reserve funds are exhausted. Unless GF revenues grow to a sufficient level to back-fill the loss of Measure U or this tax is extended, reliance on one-time funds or temporary resources will create an enormous burden on the GF.

- **Increasing Labor Costs & Liabilities:** Although previously approved salary increases are included in the 5-year forecast, assumptions for future labor cost increases related to City employee contract negotiations are not. Labor costs in 2016/17 alone increase by approximately 7.0% as a result of approved salary and CalPERS increases. A majority of the City's contracts will be expiring June 2017 which will likely result in the unions seeking additional raises and opens the door for negotiating for other benefits such as increased sick time, paternity and maternity leave provisions, and wage increases due

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to the compaction effect of the statewide minimum wage increase. Just renegotiating the existing expiring contracts and costs for pension benefits will add approximately \$5.1 million in additional GF expenditures in 2017/18. With an expected GF structural imbalance in the out year, any additional labor costs and the onboarding of increased minimum wage compaction, paternity and maternity leave extensions, or increased sick pay will increase the GF gap significantly in future years.

- **Increased CalPERS Pension Costs:** CalPERS' decision to improve long-term sustainability and reduce risk resulted in switching to new actuarial assumptions, amortization policies and asset allocation which results in increased costs to member agencies like the City. While the 5-year forecast assumes rates received from CalPERS, those amounts could change and create a larger burden on the GF.
- **Unfunded OPEB Liability:** The City is faced with massive long term underfunding of its OPEB Trust Fund. Although policies were recently put in place to address this

\$363.0 million liability over time, we are currently at about \$14.0 million funded with the remaining balance looming and growing.

- **CalPERS and Sacramento Police Officer's Association (SPOA) Settlement Agreement 2007:** In 2015, the City, CalPERS and SPOA reached agreement on a 2007 dispute over inclusion of holiday pay in final pension calculations. This agreement is estimated to increase rates over the next 5 years by about 3.6% and adds about \$38.0 million to the unfunded liability over the long-term. Contributions by the City are expected to cost an additional \$25.0 million in 2020/21. We note that the settlement includes holiday pay back to 2007.
- **Aging infrastructure:** The City's infrastructure is aging and falling behind other cities. Deferred maintenance over the years has added to our need to address these issues sooner rather than later. We are in dire need of structural changes to comply with health and safety codes, implement technological changes and introduce green energy to improve efficiency and reduce reliance.

High Level Review of the 2016/17 Proposed Budget

Next Steps in the Process: The release of our High Level Review of the Proposed Budget is only the first step in the budget process for the Office of the Independent Budget Analyst (IBA). We look forward to working with the Mayor and City Council in the next critical stages of the process. Additionally, we would like to thank the City Manager and the Finance Department for answering our questions and inquiries. We very much appreciate the timely response. For the remainder of the budget process, these are the key dates and deliverables for IBA activities:

May 3: IBA presents High Level Review to Budget and Audit Committee

May 10: IBA presents revised High Level Review at City Council meeting

May 17: Full IBA review of the Proposed Budget is released

June 9: IBA presents final revised review of Proposed Budget

June 14: Budget Adopted

Significant Funding Adjustments

General Fund Program and Service Improvements

As described previously, the Proposed Budget includes over \$20.0 million for funding priorities identified by the Mayor and City Council. In addition to the Mayor and Council budget priorities, the Proposed Budget includes funding for the expansion of programs and services to address other critical needs.

In terms of the General Fund (GF), the Proposed Budget includes \$4.8 million GF and 21.80 full-time equivalents (FTE) for program and service improvements. Of the included proposals, there is approximately \$2.5 million in revenue or offset adjustments associated with the 9 requests. The following are the specific requests with the office's recommendation for funding:

- **Staffing for Animal Care and Building Activity:** The Community Development Department is requesting \$1.0 million and 6.00 FTE to increase staffing to support Animal Care and increased building activity. The animal care positions will be responsible for customer support and processing of payments in Animal Care administration. The positions related to increased building activity will be available for plan review consultant services in order to maintain existing levels of service. We recommend

approval of the positions and associated funding as these positions appear critical for adequate services from the department. Additionally, the positions have the potential to increase revenue as they could provide a higher level of service within the Animal Care Division.

- **Program Funding for the Sacramento Metropolitan Arts Commission:** The Convention and Cultural Services Department is requesting a \$100,000 GF City match for the Sacramento Metropolitan Arts Commission. We note the request will be offset by an increase in Transient Occupancy Tax revenues. We recommend approving this request as the funding increase will be offset and will only occur if the County of Sacramento provides its share of costs.
- **Staffing for the Regulation of the Marijuana Industry:** The Finance Department is requesting \$132,229 GF and 1.00 FTE to address the increased workload associated with the regulation of the marijuana industry. We note California voters will be asked to approve the recreational use of marijuana during the November election. Additionally, Sacramento

Significant Funding Adjustments

voters will be deciding on taxing marijuana cultivation through Measure Y. We recommend approval of the position and associated funding as the marijuana industry continues to expand with the potential of even greater workload for the Finance Department should both the statewide vote and Measure Y pass.

- **Staffing for Fire Prevention, Logistics, and Resource Development:** The Fire Department is requesting \$684,572 GF and 4.00 FTE. Resources are requested to contract for expedited background investigations which had previously been conducted by the Police Department. Both departments are unable to fulfill this work due to high vacancy rates. Resources are also requested to fund a Fire Marshal that will be responsible for technical expertise in fire prevention and enhancing career paths for employees in prevention classifications. Additionally, the department is requesting 2.00 FTE and approximately \$200,000 to purchase Personal Protective Equipment and track and deliver the equipment and supplies to the various fire stations. Lastly, the department is requesting one position and \$106,841 to provide analytical and administrative support for Resource

Management operations. Overall, we recommend approving the requested positions and associated funding as resources will allow the department to comply with California Occupational Safety and Health Administration (CalOSHA) requirement, increase operational efficiencies and support the enhancement of new and existing staff. The Mayor and Council may want to ask the department to provide a current list of vacancies. While the Proposed Budget identifies an offset for the requested funding associated with the contracted background investigations, there could be an opportunity to use funding from continuously vacant positions for this purpose freeing up additional GF dollars.

- **Positions to Assist in Labor Relations:** The Human Resources Department is requesting 0.92 FTE and \$84,077 for two part-time investigator staff that will be responsible for assisting departments with labor relation investigations. We recommend the approval of these positions as the funding will be fully offset through reimbursements from the departments that utilize these services.
- **Staffing for the City's 311:** The Information Technology Department is

Significant Funding Adjustments

requesting 5 positions and \$449,549 GF to increase efficiency within the 311 call center resulting in better service to residents. Additionally, the department is requesting one-time funding for a student internship program to promote quality and diversity in the IT workforce. We recommend approval of the positions and resources as the request is fully offset by additional on-street parking revenues which are expected to increase as the Golden 1 Center comes online and additional parking changes are made throughout the City.

- **Staffing for Parks and Recreation Administration:** The Parks and Recreation Department is requesting \$88,388 GF and 1.22 FTE to provide administrative support related to the department's CIP and a right-sizing of certain positions and labor costs. The total request includes the transfer of 0.50 FTE Park Safety Ranger from the GF to Measure U and a CIP offset to partially cover the requested increase. While we recommend approving the funding increase and associated positions, we would caution the transfer of the Park Safety Ranger to Measure U funding as this is an ongoing position with the measure expiring in March 2019.

- **Staffing and Programs to Enhance Safety and IT Infrastructure:** The Police Department is requesting \$2.0 million GF and 2.66 FTE to enhance public safety and attend to critical IT infrastructure needs. We note the majority of the increase, approximately \$1.8 million, is to address IT items such as servers, switches, hubs and routers that are in need of updating. The remaining resources will be used to fund civilian classifications in forensics allowing eight officers to redeploy, ten Police Observation Devices and associated overtime and a Sergeant position each for a nighttime investigative team and the Real Time Crime Center. We note some of the requested resources are being offset by the elimination of currently vacant office positions. We recommend the approval of the requested positions and associated funding as the resources will increase public safety and provide IT updates that should increase department efficiency.
- **Right-sizing Facilities and Engineering:** The Public Works Department is requesting \$206,976 GF and 1.00 FTE to streamline operations and ensure compliance with state and local codes for the Engineering Services Division and the Facilities and Real Property

Significant Funding Adjustments

Management Division. The increase in funding and positions are needed to ensure compliance with CalOSHA requirements and support the City's American with Disabilities Act efforts. We recommend the approval of these positions.

Significant Funding Adjustments

Measure U Program and Service Improvements

In terms of activities funded through Measure U proceeds, the Proposed Budget includes \$1.7 million in Measure U requests and 4.28 full-time equivalents (FTE) for program and service improvements. Of the two included proposals, there is approximately \$516,000 in associated revenue or offset adjustments. The following are the specific requests with the office's recommendation for funding:

- **Funding for Children's Summer Camps and Adjustments to Recreation:** The Parks and Recreation Department is requesting \$424,446 in Measure U and 4.28 FTE to provide one-time funding for children's summer camps and for right-sizing adjustments within the recreation programs. The Proposed Budget includes \$250,000 for the Children's Summer Camp Program to host camps in Summer 2016. Approximately \$174,000 and 4.28 positions are requested to continue right-sizing the department, paying for labor costs, and complying with the Affordable Care Act. We recommend the approval of the requested funding and associated positions. We note that a Park Safety Ranger position was not included in the request above. For more information related to that

position please see the "General Fund Program and Service Improvements" section.

- **Increase Public Safety Positions and Programs:** The Police Department is requesting \$1.3 million in Measure U funding to establish the Body-Worn Camera pilot (BWC) program, expand the ShotSpotter system into additional neighborhoods and provide the City match for 15 Police Officer positions that received federal grant funding. With regards to the BWC program and the expansion of ShotSpotter, the department should provide data and metrics to show the effectiveness of these programs. Should the information prove the programs to be successful, we would recommend approving the associated funding. For the 15 Police Officer positions, we would recommend approving the City match. However, we note that using Measure U to fund these positions will require that an ongoing funding source be identified upon the expiration of the measure or the positions will need to be eliminated.

Significant Funding Adjustments

Other Funds Program and Service Improvements

In terms of activities funded with various other funding sources, the Proposed Budget includes \$1.5 million in other fund requests and 16.83 full-time equivalents (FTE) for program and service improvements. Of the included proposals, there is approximately \$450,000 in associated revenue or offset adjustments. The following are the specific requests with the office's recommendation for funding:

- **Staffing Adjustments in 4th R:** The Parks and Recreation Department is requesting a reduction of \$28,980 and 0.47 FTE as part of the right-sizing effort for the department. We recommend approving this request.
- **Increase Parking Staff:** The Public Works Department is requesting \$239,838 Parking Fund and 3.00 FTE to support expansion associated with parking operations and oversight of managed lots. These positions are needed as the number of managed lots increase and additional activities must be performed associated with marketing of properties, wayfinding signage, website maintenance, and brand recognition. We recommend the approval of these positions and associated funding as parking revenue is expected to increase with the opening of the Golden 1 Center and the introduction of parking changes throughout Downtown.
- **Increase Positions for Leaf Season:** The Public Works Department is requesting \$216,113 Solid Waste Fund and 3.30 FTE to support ten seasonal Sanitation Worker II positions. These positions are required for additional activities during leaf season which runs from October through January. We recommend the approval of these positions and the associated funding.
- **Staffing for IT Master Plan and Water Quality Assurance:** The Utilities Department is requesting \$100,986 Wastewater Fund and 1.00 FTE to support activities with implementing long range IT master plan changes. We note the request will be offset by a reduction in services and supplies. Additionally, the department is requesting \$1.0 million Water Fund and 10.00 FTE to provide drinking water quality assurance testing support. Included in this request are resources to continue implementation of safety and security measures to maintain compliance with the Federal Clean

Significant Funding Adjustments

Water Act and the State Water Code. We recommend the approval of the positions and associated funding of both requests. We note that as the budget process continues, the Proposed Budget for the department will be updated to include the recently approved rate increases for both the Wastewater and Water Funds. Once the updated information is presented, additional analysis will be provided for any position and funding changes.

Department Review

Mayor and City Council

Proposed Budget Changes: The Proposed Budget for the Mayor and City Council, including the Office of the City Auditor and the Independent Budget Analyst, is \$5.7 million in total funding in 2016/17, including \$3.8 million General Fund (GF). This represents an overall decrease of about \$426,000 (or 7.0%) over the amended 2015/16 Budget. The Proposed Budget includes 37.00 full-time equivalents (FTE) which matches staffing levels included in the amended 2015/16 Budget.

The change in funding for the Mayor and City Council offices is primarily due to the following:

- The Proposed Budget includes decreases for employee services and other services and supplies. As the city is in an election year,

this reduction appears reasonable as changes in office structures could occur (-\$426,389 GF).

Key Performance Measures: The Mayor and City Council include the Office of the Mayor and the offices for eight Councilmembers. Additionally, The Office of the City Auditor and the Office of the Independent Budget Analyst are included. At this time, performance measures for the Mayor and City Council are not included in the Proposed Budget. However, the following are actions the Mayor and City Council have recently implemented to improve services to constituents:

- Increase use of electronic communications to limit the printing of materials and respond in a timelier

Funding Summary (in 000s)	2012-13 Actuals	2013-14 Actuals	2014-15 Actuals	2015-16 Amended	2016-17 Proposed	Change over Amended
General Fund	\$2,609.4	\$3,161.1	\$3,270.5	\$4,241.7	\$3,836.2	(\$405.5)
Enterprise Funds	-	-	-	-	\$100.7	\$100.7
Interdepartmental Srvc. Fund	\$1,221.5	\$1,120.4	\$1,378.9	\$1,470.7	\$1,535.5	\$64.8
Risk Management Fund	\$344.0	\$344.0	\$333.5	\$372.8	\$186.4	(\$186.4)
						% Change
Total	\$4,174.9	\$4,625.5	\$4,982.9	\$6,085.2	\$5,658.8	-7.0%

Department Review

Staffing Levels	2012-13 Actuals	2013-14 Actuals	2014-15 Actuals	2015-16 Amended	2016-17 Proposed	Change over Amended
Mayor & Council Divisions	25.00	27.00	27.00	29.00	29.00	-
Independent Budget Analyst Division	-	-	3.00	3.00	3.00	-
Office of the City Auditor Division	4.00	4.00	4.00	5.00	5.00	-
						% Change
Total	29.00	31.00	34.00	37.00	37.00	0.0%

manner.

- Implement various office policies to conserve energy.
- Increase use of electronic media to inform constituents of district activities and services including web pages, event calendars, and electronic newsletters.

Questions to Consider: As the Mayor and City Council divisions have budget decreases with no staffing change, we have no additional questions for consideration and would recommend approving the Mayor and City Council’s Proposed Budget.

Department Review

City Attorney

2016/17 Proposed Budget

Changes: The Proposed Budget for the City Attorney’s Office is \$7.9 million in total funding in 2016/17, including \$5.4 million General Fund (GF). This represents an overall increase of about \$379,000 (or 5.0%) over the amended 2015/16 Budget. The Proposed Budget includes 47.00 full-time equivalents (FTE) which matches staffing levels included in the amended 2015/16 Budget.

The increase in funding for the office is primarily due to the following:

- The Proposed Budget includes increases for employee services for the office. We note the increase in costs appears reasonable for a department of this size (\$237,903 Interdepartmental Services Fund, \$141,229 GF).

- Additionally, both the 2015/16 Budget and the 2016/17 Proposed Budget include expenditures for technology improvements such as upgrading mobile technology and expenditures related to the replacement of an aging fleet vehicle with a more energy efficient vehicle.

Key Performance Measures: The City Attorney’s essential role is to serve as the legal advisor to the City Council, City Officers and department staff, boards and commissions. In this role, the office represents the City in criminal, civil, and administrative litigation, renders advice and counsel, and prepares ordinances, resolutions, contracts and various legal documents. At this time, performance measures for the City Attorney’s Office are not included in the Proposed Budget.

Funding Summary (in 000s)	2012-13 Actuals	2013-14 Actuals	2014-15 Actuals	2015-16 Amended	2016-17 Proposed	Change over Amended
General Fund	\$3,272.7	\$3,937.3	\$3,937.3	\$5,246.0	\$5,387.2	\$141.2
Enterprise Funds	\$188.3	\$210.1	\$210.1	\$210.1	\$210.1	-
Interdepartmental Srv. Fund	\$1,924.5	\$2,598.2	\$2,598.2	\$2,078.0	\$2,315.9	\$237.9
Other Funds	\$487.1	\$10.0	\$10.0	\$10.0	\$10.0	-
% Change						
Total	\$5,872.6	\$6,755.6	\$6,755.6	\$7,544.1	\$7,923.2	5.0%

Department Review

Staffing Levels	2012-13 Actuals	2013-14 Actuals	2014-15 Actuals	2015-16 Amended	2016-17 Proposed	Change over Amended
City Attorney Division	47.00	46.00	46.00	47.00	47.00	-
						% Change
Total	47.00	46.00	46.00	47.00	47.00	0.0%

However, we note that for 2014/15 the office advised or represented the city on nearly 9,000 matters which spanned all departments, boards and commissions, and outside agencies.

Questions to Consider: As the City Attorney’s Office has minimal budgetary changes and no staffing increases, we have no additional questions for consideration and would recommend approving the office’s Proposed Budget.

Department Review

City Clerk

2016/17 Proposed Budget

Changes: The Proposed Budget for the City Clerk’s Office is \$2.0 million in total funding in 2016/17, including \$1.3 million General Fund (GF). This represents an overall increase of about \$104,000 (or 5.5%) over the amended 2015/16 Budget. The Proposed Budget includes 15.00 full-time equivalents (FTE) which matches staffing levels included in the amended 2015/16 Budget.

The increase in funding for the office is primarily due to the following:

- The Proposed Budget includes increases for employee services for the office. We note the increase in costs appears reasonable for a department of this size (\$104,345 GF).

Key Performance Measures:

The City Clerk’s essential role is to serve as the Clerk of City Council which includes activities such as preparing City Council agendas, recording and maintaining Council actions, and preparing and filing public notices. Additional activities of the office include providing general information regarding the City to the Council, departments and the public, coordinating and administering all City records, documents, and public files, serving as the Elections Officer for the City, managing all City Public Records Act requests, and managing the administrative and personnel operations of the Offices of the Mayor and City Council. At this time, performance measures for the City Clerk’s Office are not included in the Proposed Budget.

Funding Summary (in 000s)	2012-13 Actuals	2013-14 Actuals	2014-15 Actuals	2015-16 Amended	2016-17 Proposed	Change over Amended
General Fund	\$1,432.7	\$1,191.4	\$1,199.8	\$1,198.6	\$1,287.5	\$88.9
Interdepartmental Srv. Fund	\$417.3	\$486.2	\$556.3	\$683.1	\$698.4	\$15.3
Total	\$1,850.0	\$1,677.6	\$1,756.1	\$1,881.7	\$1,985.9	% Change 5.5%

Department Review

Staffing Levels	2012-13 Actuals	2013-14 Actuals	2014-15 Actuals	2015-16 Amended	2016-17 Proposed	Change over Amended
City Clerk Division	10.00	12.00	12.00	12.00	12.00	-
Mayor-Council Operations Division	3.00	3.00	3.00	3.00	3.00	-
% Change						
Total	13.00	15.00	15.00	15.00	15.00	0.0%

Questions to Consider: As the City Clerk’s Office has minimal budgetary changes and no staffing increases, we have no additional questions for consideration and would recommend approving the office’s Proposed Budget.

Department Review

City Manager

2016/17 Proposed Budget

Changes: The Proposed Budget for the City Manager’s Office is \$3.4 million in total funding in 2016/17, including \$2.2 million General Fund (GF). This represents an overall decrease of about \$42,000 (or 1.2%) over the amended 2015/16 Budget. The Proposed Budget includes 17.00 full-time equivalents (FTE) which matches staffing levels included in the amended 2015/16 Budget.

The change in funding for the office is primarily due to the following:

- The Proposed Budget includes an overall decrease in employee services and other services and supplies for the City Manager’s Office of about \$159,000. While the office

has a net reduction, we note the Proposed Budget increases the labor and supply offset for the office by about \$117,000. The change in funding appears reasonable for the office (-\$42,073 total funding).

Key Performance Measures: The City Manager is the Chief Executive Officer of the City of Sacramento. The primary responsibility for the City Manager is to provide direction and leadership for operations and management of all City departments including enforcement of laws and ordinances, oversight of municipal programs and services, and providing recommendations to the Mayor and City Council. We note performance measures for the City Manager’s Office are not included in the Proposed Budget. However,

Funding Summary (in 000s)	2012-13 Actuals	2013-14 Actuals	2014-15 Actuals	2015-16 Amended	2016-17 Proposed	Change over Amended
General Fund	\$1,257.6	\$1,588.5	\$1,443.9	\$2,220.5	\$2,217.2	(\$3.3)
Interdepartmental Svc. Fund	\$1,103.0	\$1,051.2	\$1,072.4	\$1,207.6	\$1,168.8	(\$38.8)
						% Change
Total	\$2,360.6	\$2,639.7	\$2,516.3	\$3,428.1	\$3,386.0	-1.2%

Department Review

Staffing Levels	2012-13 Actuals	2013-14 Actuals	2014-15 Actuals	2015-16 Amended	2016-17 Proposed	Change over Amended
City Manager Division	11.00	12.00	10.00	14.00	14.00	-
Media & Communications Division	-	-	2.00	2.00	2.00	-
Public Safety Accountability Division	1.00	1.00	1.00	1.00	1.00	-
% Change						
Total	12.00	13.00	13.00	17.00	17.00	0.0%

the following are a few of the recent or ongoing accomplishments of the City Manager:

- Provided management and oversight of the City’s involvement in the Golden 1 Center, Downtown Railyards, and the Sacramento Valley Station.
- Worked extensively on developing a plan for the renovation of the Community Center Theater and expansion of the Convention Center.
- Created a Homeless Services Coordinator position to address homelessness and revived the Mayor’s Gang Prevention and Intervention Task Force.

Questions to Consider: As the City Manager’s Office has minimal budgetary changes and no staffing increases, we recommend approving the office’s

Proposed Budget. However, during the budget process and prior to approval of the 2016/17 Budget, the Mayor and Council may want to consider the following:

- The Proposed Budget includes \$1.2 million for the Mayor’s Gang Prevention and Intervention Task Force which is an increase of \$200,000 over 2015/16 funding levels. Will this additional funding be used for administration of the task force or for grants to community-based organizations? If the additional funding is for grants, how many additional grantees can be expected over the 18 that received funding in the current year?
- The five-year forecast includes funding for the Mayor’s Gang Prevention and Intervention Task Force in the budget year only. The task force could

Department Review

potentially be considered for funding with Measure Y revenue. However, should that measure not pass, what other funding options could be considered to continue the task force beyond just the budget year?

Department Review

City Treasurer

2016/17 Proposed Budget

Changes: The Proposed Budget for the City Treasurer’s Office is \$2.3 million in total funding in 2016/17, including \$2.1 million General Fund (GF). This represents an overall decrease of about \$61,000 (or 2.6%) over the amended 2015/16 Budget. The Proposed Budget includes 13.00 full-time equivalents (FTE) which matches staffing levels included in the amended 2015/16 Budget.

The change in funding for the office is primarily due to the following:

- The Proposed Budget includes an overall decrease in employee services and other services and supplies for the City Treasurer’s Office. While the office has a

reduction, we note the Proposed Budget increases GF for the office by about \$35,000 which is offset by a decrease in Interdepartmental Services Fund of approximately \$96,000. The reduction in funding appears reasonable (-\$61,329 total funding).

Key Performance Measures: The City Treasurer’s primary responsibility is to deposit and invest all City funds. Additional activities include updating the City Council regarding the status of investments and funds and providing financing and debt issuance services. As such, the office is split into two distinct units – Investment and Cash Management and Debt Management. We note performance measures for the City Treasurer’s Office are not included in the Proposed Budget. However, the following

Funding Summary (in 000s)	2012-13 Actuals	2013-14 Actuals	2014-15 Actuals	2015-16 Amended	2016-17 Proposed	Change over Amended
General Fund	\$1,589.2	\$1,735.4	\$1,834.0	\$2,062.5	\$2,097.0	\$34.5
Assessment Bond Registration	\$174.0	\$103.4	-	-	-	-
Interdepartmental Srv. Fund	\$86.8	\$70.5	\$225.0	\$297.3	\$201.4	(\$95.9)
						% Change
Total	\$1,850.0	\$1,909.3	\$2,059.0	\$2,359.8	\$2,298.4	-2.6%

Department Review

Staffing Levels	2012-13 Actuals	2013-14 Actuals	2014-15 Actuals	2015-16 Amended	2016-17 Proposed	Change over Amended
City Treasurer Division	12.00	12.00	13.00	13.00	13.00	-
Total	12.00	12.00	13.00	13.00	13.00	0.0%

are a few of the recent or ongoing accomplishments of the City Treasurer:

- Developed the debt financing plan for the Golden 1 Center.
- Consistently maintain one of California’s highest yielding municipal investment pools.
- Support the Mayor’s Bank on Sacramento Program to increase financial literacy and independence of city residents.

Questions to Consider: As the City Treasurer’s Office has minimal budgetary changes and no staffing increases, we have no additional questions for consideration and would recommend approving the office’s Proposed Budget.

Department Review

Community Development

2016/17 Proposed Budget

Changes: The Proposed Budget for the Community Development Department is \$31.1 million in total funding in 2016/17, including \$30.1 million General Fund (GF). This represents an overall increase of \$3.9 million (or 14.4%) over the amended 2015/16 Budget. The Proposed Budget includes 237.00 full-time equivalents (FTE) which represents an increase of 18.00 FTE (or 8.2%) over the amended 2015/16 Budget.

The change in funding and staffing for the department is primarily due to the following:

- The addition of 2.00 FTE Customer Service Representatives to increase customer support and processing of payments in Animal Care administration.

- Transfer of a vacant Program Analyst position into the department from Public Works to support Animal Care administration.
- The addition of 3.00 FTE positions to address increased building activity and increase funding for plan review consultant services in order to maintain existing levels of service. We note these positions will be offset by an increase in revenue.
- The addition of 1.00 FTE Code Enforcement Officer Position to continue the department’s efforts to utilize a more proactive approach to addressing code, housing and dangerous building violations. We note this position is partially offset by fees.
- Elimination of the City’s recycling monitoring program and the associated 1.00 FTE Zoning Investigator position.

Funding Summary (in 000s)	2012-13 Actuals	2013-14 Actuals	2014-15 Actuals	2015-16 Amended	2016-17 Proposed	Change over Amended
General Fund	\$19,263.2	\$21,245.8	\$22,523.9	\$27,236.0	\$30,140.0	\$2,904.0
Development Services Fund	(\$529.5)	(\$536.1)	(\$1,526.4)	(\$490.0)	\$310.0	\$800.0
Landscaping and Lighting	\$127.9	\$135.9	\$125.6	\$150.0	\$150.0	-
Other	\$200.0	\$99.9	\$3,154.5	\$300.0	\$500.0	\$200.0
% Change						
Total	\$19,061.6	\$20,945.5	\$24,277.6	\$27,196.0	\$31,100.0	14.4%

Department Review

Staffing Levels	2012-13 Actuals	2013-14 Actuals	2014-15 Actuals	2015-16 Amended	2016-17 Proposed	Change over Amended
Administration Division	13.50	15.50	19.00	19.00	23.00	4.00
Animal Care Services Division	-	35.00	36.00	42.00	45.00	3.00
Building Division	31.00	33.00	33.00	37.00	41.00	4.00
Code Enforcement Division	70.00	63.00	65.00	59.00	63.00	4.00
Customer Service Division	8.00	10.00	14.00	21.00	25.00	4.00
Planning Division	42.00	41.00	41.00	41.00	40.00	(1.00)
% Change						
Total	164.50	197.50	208.00	219.00	237.00	8.2%

- Measure U provided funding to restore 2.00 FTE Animal Control Officer Positions that were eliminated as a result of prior year budget reductions. These positions address critical public safety challenges including animal bites, animal cruelty, and rabies control (\$165,000 Measure U).
- In addition to the staffing and funding changes above, the Proposed Budget includes increases for employee services, other services and supplies and City property. The increased amounts appear reasonable for the size of this department (\$2.7 million total funding).

Key Performance Measures: The Community Development Department’s essential role is to help plan for future growth, build, and maintain a great city. To study the success of the department, the following nine performance measures are tracked:

- Percent of animals that are adopted, transferred, sent to rescue, or returned to owner – The goal for Animal Care Services for FY17 is 85.0%. This would represent an increase of 7.0% over the FY16 target.
- Percent of development inspections completed on time - Building Division’s goal is to maintain their percentage of on time completed inspections at 98.0%. We note Inspectors have completed about 13 inspections per day since 2014. With increased activity and the lifting of the building moratorium in North Natomas, inspection requests and inspections conducted per day per inspector will continue to increase. The FY17 goal is to maintain on time inspection completion at 98.0% despite the increase in activity.
- Percentage of residential building permits issued within two calendar days – The FY17 goal is to issue 90.0% of permits within two calendar days after a

Department Review

request is made. Most permits may be approved over the counter or via the online permitting platform. This measure is tracked nationally and allows the City to compare with other agencies.

- Vehicle cases closed within 15 days – This measure is tracked by Neighborhood Code Compliance. In FY15, 7,364 cases related to abandoned or inoperable vehicles were investigated with 62.0% of those cases being closed within 15 days of the initial complaint. The goal for FY17 is to close 84.0% which represents a 4.0% increase over FY16 and 12.0% over FY15.
- Junk and debris cases closed within 30 days - This measure is tracked by Neighborhood Code Compliance. In FY15, 1,577 cases of property blight were investigated and 63.0% of those cases were closed within 30 days of the initial complaint. The goal for FY17 is to close 79.0% which represents a 4.0% increase over FY16 and 16.0% over FY15.
- Percentage of work without permit cases investigated within 10 days - In FY15, Housing and Dangerous Buildings responded to 388 complaints regarding owners performing construction work on property without permits. In FY15, 77.0% of these cases were investigated within 10 days of the initial complaint.

The goal for FY17 is to investigate 85.0% which represents a 4.0% increase over FY16 and 8.0% over FY15.

- Percentage of overall customer service rated as good or excellent - This measure is tracked by the Building Division to receive feedback and track performance of the permit counter and plan review sections. The goal for FY17 is 80.0% of respondents reporting their interaction was good or excellent which represents a 5.0% increase over FY16.
- Percentage of complete staff-level reviews within 45 days – The Planning Division tracks and reports on the time it takes to approve a staff-level review which includes an analysis of the project to determine compliance. The goal for FY17 is to complete 80.0% which represents a 10.0% increase over FY16.
- Percentage of complete staff hearing-level reviews within 90 days – The Planning Division tracks and reports on the time it takes to approve a staff-level review which includes an analysis of the project to determine compliance, public notice, and a public hearing presentation to the Zoning, Design or Preservation Administrator or Director. The goal for FY17 is to complete 80.0% which represents a 10.0% increase over the FY16 target.

Department Review

Questions to Consider: During budget hearings and prior to adoption of the 2016/17 Approved Budget, the Mayor and Council may want to consider the following:

- The 2016/17 Proposed Budget includes an increase in funding and FTE. However, we note the increase in FTE is primarily to maintain existing levels of service. The North Natomas building moratorium lift, an increase in building activity in Downtown and increases in real property values will result in increased remodeling and construction activity which could require additional FTE and resources to support the increased activity. Has consideration been given to how this increased activity will be handled if revenue continues to increase at a rate below expenditures? Should higher permit fees and/or more efficient methods like online portals be introduced to reduce costs and increase efficiencies?
- The budget includes Measure U funding in the amount of \$165,000 to pay for 2.00 FTE Animal Control positions. Will these positions be transferred to GF or an alternative revenue source or will the positions be eliminated upon the expiration of Measure U in March 2019?
- The need for Animal Care and Code Enforcement continues to be an issue due to increased activity. Have studies been conducted to identify if fees and licenses can be increased with the additional revenue supporting more FTE for each division?

Department Review

Convention and Cultural Services

2016/17 Proposed Budget

Changes: The Proposed Budget for the Convention and Cultural Services Department is \$19.1 million in total funding in 2016/17, including \$4.7 million General Fund (GF) and \$14.4 million Enterprise and Other Funds. This represents a reduction of about \$32,000 in GF but an overall increase of about \$572,000 (or 3.1%) over the amended 2015/16 Budget. The increase is primarily due to the increase in the Community Center Fund within the Enterprise Funds. The Proposed Budget includes 118.69 full-time equivalents (FTE) which represents a decrease of 1.00 FTE (or 0.8%) under the amended 2015/16 Budget.

The change in funding and decrease in staffing for the department is primarily due to the following:

- The addition of 1.00 FTE Administrative Technician and 1.00 FTE Facility and

Real Property Superintendent position and elimination of 3.00 FTE vacant positions to better align current workload with job classifications. We recommend approving this realignment of positions.

- Revenue increase in the Community Center Fund, an Enterprise Fund, is a result of growth in the Transient Occupancy Tax (TOT) which is the primary source of revenue for this fund.
- In addition to the staffing and funding changes above, the Proposed Budget includes increases to employee services, operating transfers and City property while other services and supplies experienced a budget reduction. The proposed changes appear reasonable for the size of this department (\$591,203 Enterprise Funds, \$13,005 Other funds, and - \$31,985 GF).

Funding Summary (in 000s)	2012-13 Actuals	2013-14 Actuals	2014-15 Actuals	2015-16 Amended	2016-17 Proposed	Change over Amended
General Fund	\$4,753.1	\$4,640.3	\$4,553.2	\$4,772.0	\$4,740.0	(\$32.0)
Enterprise Funds	\$12,997.2	\$12,482.2	\$13,274.9	\$13,509.4	\$14,100.6	\$591.2
Other	\$1,632.1	\$1,058.6	\$257.7	\$266.9	\$279.9	\$13.0
% Change						
Total	\$19,382.4	\$18,181.1	\$18,085.8	\$18,548.3	\$19,120.5	3.1%

Department Review

Staffing Levels	2012-13 Actuals	2013-14 Actuals	2014-15 Actuals	2015-16 Amended	2016-17 Proposed	Change over Amended
CCS Administration Division	10.00	10.00	10.00	10.00	11.00	1.00
Convention Center Complex Division	83.15	83.15	83.15	84.49	82.49	(2.00)
Crocker Art Museum Division	6.00	6.00	6.00	6.00	6.00	-
Golf Division	1.00	1.00	-	-	-	-
History Division	3.00	13.90	7.20	6.20	6.20	-
Metro Arts Commission Division	9.00	8.00	8.00	8.00	8.00	-
Old City Cemetery Division	1.00	1.50	-	-	-	-
Sacramento Marina Division	7.80	7.80	-	-	-	-
Sacramento Zoo Division	6.00	6.00	5.00	5.00	5.00	-
Old Sacramento/Other	8.83	-	-	-	-	-
% Change						
Total	135.78	137.35	119.35	119.69	118.69	-0.8%

Key Performance Measures: The Convention and Cultural Services Department’s essential role is to promote and preserve our unique culture and heritage by delivering accessible arts, leisure and educational experiences to residents and visitors alike. To study the success of the department, the following eight performance measures are tracked:

- Total events and performances and tickets sold – The goal for the Convention Center Complex for FY17 is 614 events and performances and 328,000 tickets sold. This would represent an increase of 1.0% over the target for FY16.
- Total revenue of in-house vendors – The Convention Center’s goal for FY17 is to increase vendor revenue to \$10.8

million. This would represent an increase of 1.0% over the FY16 target. Offering exclusive contracts to in-house vendors promotes vendor investment in the City, higher levels of customer service and generates revenue for city businesses as the nearly 400 events attract about 800,000 visitors annually.

- Number of public art programs - This includes exhibitions produced, artworks conserved, maintained or repaired, public art projects completed, national recognition and number of permanent public arts projects in progress. The FY17 goal is to maintain or exceed the numbers targeted for FY16. The number of projects varies from year to year as the programs funding is within the CIP.

Department Review

- Numbers for Any Given Child Program – Developed by the John F. Kennedy Center for Performing Arts, the program provides equitable access to arts education for K-8 students during the school day. This program includes a number of arts education workshops and field trips. The program tracks the number of participants reached through these events, number of professional development events for artists and teachers and number of students served in a five or ten week residency program. We note the number of programs and participants has decreased since FY14. However, the goal for FY17 is to increase programs and participants by about 1.2% over FY16 and have participation levels that exceed FY14.
- Cultural Arts Awards Program (CAA) - This measure tracks the number of cultural arts award grantees, amount of grant allocation, number of audiences served and number of artists in the community. Number of grantees, audiences, participants and grant amounts vary significantly from year to year depending on funding and grant amounts. These programs generate over \$11.0 million in local government revenue and provide over 4,000 jobs in the region. We note in FY16, 72.0% of audience members were admitted for free to the arts and cultural events. For FY17, the number of grantees and anticipated grant allocations are reduced because the remaining funding will be available for future applicants.
- Attendance and membership at the Crocker Art Museum Division – For FY17, the goal is to have 225,000 in attendance and 12,000 memberships. While this is a reduction in attendance compared to the FY16 target, it should be noted that attendance figures are a direct reflection of the exhibition and programmatic schedule. We note memberships have a strong retention rate and remain consistent.
- Number of researchers assisted – The Center for Sacramento History Division tracks and reports on the amount of researchers assisted through the Archives office. The Archives office continues to respond to increasing research requests and anticipates these numbers will grow due to exposure from recent projects. The goal for FY17 is to assist 7,500 researchers which represents a 1.0% increase over FY16.
- Number of items and collections in inventory – Inventory consists of artifacts, photographs, government and business records, personal and family manuscripts, and library books. The goal for FY17 is to have 101,000 items and collections in inventory which represents a 1.1% increase over FY16.

Department Review

Questions to Consider: During budget hearings and prior to adoption of the 2016/17 Approved Budget, the Mayor and Council may want to consider the following:

- The 2016/17 Proposed Budget includes an increase in the Community Center Fund due primarily to the increased revenue growth of the TOT which is the primary source of revenue for this fund. While TOT has experienced exceptional performance over the last two fiscal years and is expected to grow, future forecasts include annual growth of about 3.0% for FY16 and beyond compared to years which saw a growth of 6.0% to 12.0%. Has consideration been given to how these events and programs will continue to run should the main revenue source have minimal growth?
- The “cultural equity” grant program awarded \$250,000 to 23 arts organizations which support underserved communities. Another \$50,000 funding was provided to 21 schools and community organizations for after-school art programs. The Arts and Cultural Facilities Grant Program awarded \$390,000 to seven arts and community organizations to increase accessibility to public cultural amenities. Are these schools and organizations all within the city parameters? Additionally, what performance measures and reporting are required of the grantees so a determination can be made to the effectiveness of each program? Has consideration been given to return on investment and success rate to determine amounts and recipients of these grants and awards?
- Has the department explored other sources to increase revenue and support for its programs to reduce its reliance on the GF? Are there grants, sponsors or other partnerships that could be viable revenue sources? Has the department considered charging minimal fees for events currently offered for free or increasing regular rates or fees?

Department Review

Economic Development

2016/17 Proposed Budget

Changes: The Proposed Budget for the Economic Development Department is \$2.6 million General Fund (GF) in 2016/17 which represents an increase of about \$453,000 (or 21.6%) over the amended 2015/16 Budget. The Proposed Budget includes 12.00 full-time equivalents (FTE) which represents an increase of 1.00 FTE (or 9.0%) over 2015/16.

The increase in funding and staffing for the department is primarily due to the following:

- The addition of a Staff Aide position to support efforts to develop the City’s riverfront. We note this position corresponds to the riverfront item included in the Mayor’s Budget Priorities Memo. At this time, the final

classification of the position is unknown (\$181,732 GF).

- One-time funding is included to study the feasibility of SEED Corp. The goal of the corporation is to attract private sector jobs, investments, and businesses to low-income communities. We note that this one-time funding corresponds to the SEED Corp. item included in the Mayor’s Budget Priorities Memo (\$150,000 GF).
- Additional funding is included to increase activities with the Asian, Black, Hispanic, and Slavic Chambers of Commerce. A fee for service program will be developed to bring about local economic growth (\$60,000 GF).
- In addition to the staffing and funding changes above, the Proposed Budget includes increases for employee services and other services and supplies for the

Funding Summary (in 000s)	2012-13 Actuals	2013-14 Actuals	2014-15 Actuals	2015-16 Amended	2016-17 Proposed	Change over Amended
General Fund	\$2,369.6	\$2,605.5	\$2,513.1	\$2,097.5	\$2,550.4	\$452.9
Innovation & Growth Fund	-	(\$111.4)	(\$159.5)	-	-	-
Parking Fund	\$50.0	\$50.0	-	-	-	-
						% Change
Total	\$2,419.6	\$2,544.1	\$2,353.6	\$2,097.5	\$2,550.4	21.6%

Department Review

Staffing Levels	2012-13 Actuals	2013-14 Actuals	2014-15 Actuals	2015-16 Amended	2016-17 Proposed	Change over Amended
Citywide Development Div.	5.00	5.00	5.00	5.00	12.00	7.0
Downtown Development Div.	4.00	4.00	4.00	4.00	-	(4.0)
Economic Development Admin. Div.	2.00	2.00	2.00	2.00	-	(2.0)
% Change						
Total	11.00	11.00	11.00	11.00	12.00	9.0%

department. The increased amounts appear reasonable for the size of this department (\$61,100 GF).

Key Performance Measures: The Economic Development Department’s essential role is to retain, attract, and grow businesses and jobs in the City. To study the success of the department, the following four performance measures are tracked:

- Number of businesses – The goal for businesses in the City for FY17 is 20,084. This would represent an increase of 1.0% over the target for FY16.
- Number of jobs - The goal for jobs in the City for FY17 is 294,307. This would represent an increase of 1.0% over the target for FY16.
- Employment rate – The FY17 goal for the employment rate in the City is 94.4%. This is a 0.2% increase over FY16. We note that the employment

rate has steadily increased over the past few years with actual rates growing from 92.3% in FY14 to 93.7% the following year.

- Total investments made in the City – This measure is tracked by building permit valuation. The goal for FY17 is \$683.0 million which represents a 5.0% increase over FY16.

Questions to Consider: During budget hearings and prior to adoption of the 2016/17 Approved Budget, the Mayor and Council may want to consider the following:

- The sole funding source for the Economic Development Department is the GF. Should consideration be given to utilizing the Innovation and Growth Fund for the Proposed Budget changes as there appears to be a nexus between the proposed activities and the potential for increased revenue growth?

Department Review

Finance

2016/17 Proposed Budget

Changes: The Proposed Budget for the Finance Department is \$11.0 million total funding, including \$5.9 million General Fund (GF) and \$5.1 million other funds in 2016/17. This represents an increase of about \$760,000 (or 7.4%) over the amended 2015/16 Budget. The Proposed Budget includes 88.00 full-time equivalents (FTE) which represents an increase of 2.00 FTE (or 2.3%) over the amended 2015/16 budget.

The increase in funding and staffing for the department is primarily due to the following:

- The addition of a Program Analyst position to accommodate workload associated with regulating the marijuana industry. We note this

position is not contingent on the passage of Measure Y as it is related to the increased activity resulting from the continued growth in the industry (\$132,229 GF).

- A transfer of 1.00 FTE Parking Division Customer Service Supervisor from Public Works for the oversight of parking permits and tickets. We recommend the transfer of this position as the functional location of the position is in the Revenue Division.
- The Funding Summary table for the department indicates an increase of \$760,180 in total funding over the amended 2015/16 Budget. After accounting for \$225,562 included in the Budget Changes Table, the department has increased costs of approximately \$535,000. Typically, a detailed summary is included to explain the

Funding Summary (in 000s)	2012-13 Actuals	2013-14 Actuals	2014-15 Actuals	2015-16 Amended	2016-17 Proposed	Change over Amended
General Fund	\$3,384.0	\$4,094.9	\$4,518.0	\$5,611.6	\$5,928.5	\$316.8
Interdepartmental Srv. Fund	\$2,317.8	\$2,522.6	\$2,670.8	\$2,792.4	\$2,827.1	\$34.7
Other	\$1,816.0	\$1,882.9	\$1,423.3	\$1,838.4	\$2,247.0	\$408.6
	% Change					
Total	\$7,517.8	\$8,500.4	\$8,612.1	\$10,242.4	\$11,002.6	7.4%

Department Review

Staffing Levels	2012-13 Actuals	2013-14 Actuals	2014-15 Actuals	2015-16 Amended	2016-17 Proposed	Change over Amended
Accounting Division	31.00	24.00	25.00	26.00	26.00	-
Budget Office Division	6.00	6.00	6.00	7.00	7.00	-
Finance Administration Division	2.00	3.00	3.00	3.00	3.00	-
Procurement Division	-	6.00	6.00	6.00	6.00	-
Public Improvement Finance Division	-	6.00	6.00	6.00	6.00	-
Revenue Division	38.00	38.00	38.00	38.00	40.00	2.00
% Change						
Total	77.00	83.00	84.00	86.00	88.00	2.3%

difference commonly associated with employee services and supplies. However, we note this section is not available for analysis.

Key Performance Measures: The Finance Department is responsible for overseeing the financial management of the City. To study the success of the department, the following performance measures are tracked:

- Accounting Division – In this division, the timing of functions performed is critical. As a function of the Accounts Payable Automation Project, rate of vendors paid within 30 days is expected to go from 75.0% to the goal of 85.0%. The vendor invoice period has a new goal of four days down from five. At a goal of 98.0%, up from 67.0%, prompt payment discounts taken will increase

from \$100,000 to \$147,000. Further, the discounts lost will be reduced from \$50,000 to \$3,000.

- Procurement Division – Steps are being taken to reduce the number of days to produce a purchase order from four to three.
- Revenue Division – The delinquent receivables collected rate goal is increased from 50.0% to 52.0%. Please see the “Questions to Consider” section for additional information related to the performance measure.

Questions to Consider: During budget hearings and prior to adoption of the 2016/17 Approved Budget, the Mayor and Council may want to consider the following:

- The Revenue Division has a delinquency collection goal of 52.0%. We note that

Department Review

when compared to other cities, this collection rate is relatively low. For example, the City of San Diego has a delinquency collection rate of over 80.0%. Many local governments utilize the Interagency Intercept Collections Program from the California Franchise Tax Board. Should this program be considered for the City to use or have other alternatives to increase delinquency collection rates been identified?

- Should Measure Y pass in June 2016, would the Finance Department require additional positions and resources to collect revenue? If so, what is the estimated amount of additional positions needed and what restrictions, if any, would there be to fund the positions with Measure Y proceeds?

Department Review

Fire

2016/17 Proposed Budget

Changes: The Proposed Budget for the Fire Department is \$109.3 million in total funding in 2016/17, including \$108.8 million General Fund (GF). This represents an overall increase of about \$5.6 million (or 5.4%) over the amended 2015/16 Budget. The Proposed Budget includes 678.00 full-time equivalents (FTE) which represents an increase of 4.00 FTE (or 0.6%) over the amended 2015/16 Budget.

The increase in funding and staffing for the department is primarily due to the following:

- The addition of 1.00 FTE Fire Marshall to increase technical expertise in fire prevention and provide a career path for employees in the fire prevention classification. We note the position expense will be offset by increased revenues.

- The addition of 2.00 FTE Store Clerks to deliver equipment and supplies to fire stations and to purchase and track personal protective equipment. We note the position expenses will be offset by increased revenues.
- The addition of 1.00 FTE Administrative Analyst position to provide analytical and administrative support to the Deputy Chief over Resource Management Operations. We note the position expenses will be offset by revenues.
- One-time funding of \$164,000 was provided for services related to expediting background investigations for new hires. This work was previously completed by the Police Department but due to significant vacancies in both departments, this work is proposed to be contracted out. We recommend this alternative to expedite the hiring process in order to attract qualified

Funding Summary (in 000s)	2012-13 Actuals	2013-14 Actuals	2014-15 Actuals	2015-16 Amended	2016-17 Proposed	Change over Amended
General Fund	\$94,447.5	\$95,323.3	\$98,346.6	\$103,171.6	\$108,779.4	\$5,607.8
Risk Management Fund	\$500.0	\$500.0	\$500.0	\$500.0	\$500.0	-
						% Change
Total	\$94,947.5	\$95,823.3	\$98,846.6	\$103,671.6	\$109,279.4	5.4%

Department Review

Staffing Levels	2012-13 Actuals	2013-14 Actuals	2014-15 Actuals	2015-16 Amended	2016-17 Proposed	Change over Amended
Community Risk Reduction Division	-	42.00	43.00	43.00	46.00	3.00
Emergency Operations Division	532.50	587.00	588.00	603.00	602.00	(1.00)
Fire Administration Division	48.00	16.00	17.00	18.00	17.00	(1.00)
Resource Management Division	9.00	8.50	9.00	10.00	13.00	3.00
						% Change
Total	589.50	653.50	657.00	674.00	678.00	0.6%

candidates in a timely fashion.

- The 2016/17 Proposed Budget includes 103.00 FTE and \$13.1 million in Measure U funds to support programs and staffing that have been restored. To maintain fund sustainability, 7.00 FTE administrative positions were transferred from Measure U to the GF.
- In addition to the staffing and funding changes above, the Proposed Budget includes increases for employee services, other services and supplies for the department and City property. The increased amounts appear reasonable for the size of this department (\$4.9 million). Furthermore, the Sacramento Area Firefighters Local 522 contract will expire in June 2018. The 2016/17 Proposed Budget is balanced and salary increases previously approved are included in the GF 5-year forecast.

Key Performance Measures: The Fire Department’s essential role is to enhance and protect life, property and the

environment. To study the success of the department, the following five performance measures are tracked:

- Average response time – The accepted national standard for response times is 5 minutes in an urban environment. 1 minute from dispatch to leaving and 4 minutes travel time. The FY17 goal is 5 minutes, this represents a decrease of 1 second from the target for FY16 and a decrease of 14 seconds from FY15 actual times.
- Unit Hour Utilization (UHU) – The acceptable standard of ambulance usage is UHU which is the ratio of the number of hours spent delivering emergency medical services to the total number of hours the medic units are available. A UHU of 0.50 means the unit was utilized 50% of the total time the unit was available throughout the year. The FY17 goal is a UHU of 0.45 - 0.40 which is 0.6 to 0.11 points lower than the FY16 target of 0.51. Lower

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utilization rate means more availability for calls which can improve response time. Industry average UHU is between 0.35 - 0.25.

- Percent of fire plan reviews completed on time – The division is responsible for performing fire plan review services. The division has been doing an impressive job over the past several years in completing over 90.0% of plan reviews on time. The FY17 goal is to complete 95.0%. The department is working on implementing a plan review service which allows a faster turnaround time for customers who are willing to pay an increased amount. This is 3.0% over the FY16 target.
- Number of annual fire permit inspections conducted – Fire Prevention conducts annual permit inspections as mandated by code. Inspections are expected to increase over the next year due to the increase in the number of new buildings constructed. The FY17 goal is to conduct 6,300 annual inspections which represent a 1.0% increase over the FY16 target.
- Number of development services fire inspections conducted – Fire Prevention is responsible for inspecting new construction and tenant improvement projects. As construction forecasts continue to increase, the FY17 goal is to conduct 3,800 inspections which

represent a 1.1% increase over the FY16 target.

Questions to Consider: During budget hearings and prior to adoption of the 2016/17 Approved Budget, the Mayor and Council may want to consider the following:

- The 2016/17 Proposed Budget includes an increase in funding and FTE for the department. However, the budget includes significant Measure U funding and FTE. With expenditures expected to outpace revenues in the out-years and the looming Measure U expiration in March 2019, is there an alternative plan or revenue source to replace these shortfalls or will the positions and services currently supported by Measure U be eliminated?
- Should the department develop a plan to switch emergency medical response personnel from a dual role to a single role? This could potentially increase efficiencies, reduce costs, and increase diversity opportunities resulting in faster and more effective recruitment processes.
- Station 4 has been identified as the next priority station replacement after station 14 and 15. Sufficient funding to replace station 4 is not available in the FY16/17 Proposed Budget. Additionally,

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there appears to be various issues with acquiring adequate space for fire operations in the stations current area. As such, should the department reconsider its prioritization of station replacement?

- We note some FTE expenditures are offset by revenue. Is this accomplished with cost recovery methods, and if so, is there an opportunity to invest more resources into cost recovery which could result in increased revenues?

Department Review

Human Resources

2016/17 Proposed Budget

Changes: The Proposed Budget for the Human Resources Department is \$35.6 million total funds in 2016/17, including \$3.0 million General Fund (GF). This represents an increase of about \$1.2 million (or 3.5%) over the amended 2015/16 Budget. The Proposed Budget includes 72.92 full-time equivalents (FTE) which represents an increase of 0.92 FTE (or 1.3%) over the amended 2015/16 budget.

The increase in funding and staffing for the department is primarily due to the following:

- Two Investigator positions are included at 0.46 FTE each. The cost of these positions will be offset by

reimbursements from other departments that utilize their services for labor relations investigations.

- One Program Specialist position was transferred from Human Resources to Public Works for activities related to the Americans with Disabilities Act (ADA) program.
- In addition to the staffing and funding changes above, the Proposed Budget includes increases for employee services and other services and supplies for the department. The increased amounts appear reasonable for the size of this department (\$1.1 million total funding).

Key Performance Measures: The Human Resources Department is

Funding Summary (in 000s)	2012-13 Actuals	2013-14 Actuals	2014-15 Actuals	2015-16 Amended	2016-17 Proposed	Change over Amended
General Fund	\$1,887.6	\$2,135.0	\$2,701.0	\$2,809.0	\$3,022.2	\$213.2
Interdepartmental Srvc. Fund	\$1,442.4	\$1,429.8	\$1,285.0	\$1,339.9	\$1,471.7	\$131.8
Risk Management Fund	\$9,276.8	(\$2,951.5)	\$21,213.4	\$17,337.8	\$18,062.9	\$725.1
Worker's Compensation Fund	\$12,819.0	\$30,436.6	\$10,233.3	\$12,681.2	\$12,738.6	\$57.4
Other	\$226.6	\$229.0	\$240.1	\$240.4	\$299.1	\$58.7
Total	\$25,672.4	\$31,278.9	\$35,672.8	\$34,408.3	\$35,594.5	3.5%

Department Review

Staffing Levels	2012-13 Actuals	2013-14 Actuals	2014-15 Actuals	2015-16 Amended	2016-17 Proposed	Change over Amended
HR Administration Division	23.00	25.00	26.00	27.00	32.00	5.00
Labor Relations Division	6.00	5.00	5.00	5.00	5.92	0.92
Risk Management Administration Division	20.00	20.00	20.00	20.00	15.00	(5.00)
Workers' Compensation Division	20.00	20.00	20.00	20.00	20.00	-
% Change						
Total	69.00	70.00	71.00	72.00	72.92	1.3%

responsible for providing timely personnel services to the City's managers, employees, and external customers and job applicants. To study the success of the department, the following three performance measures are tracked:

- Human Resources Administration – The percentage of Equal Employment Opportunity (EEO) and ADA complaints goal is being held at the FY16 rate of 90.0%. We note this target is lower than the 93.0% actual from FY15, but significantly higher than the 86% rate seen in FY14.
- Labor Relations - A goal of 95.0% (up from 85% in FY16) is set to resolve labor grievances internally which saves the City time and money by avoiding costly arbitration.
- Risk Management Administration Division – Maintain vehicle related liability claims at under 110 per year. Despite an increase in miles driven in City vehicle, liability claims have

reduced dramatically as compared to a high of 224 in 1997.

Questions to Consider: As the Human Resources Department has minimal budgetary changes, we have no additional questions for consideration and would recommend approving the department's Proposed Budget.

Department Review

Information Technology

2016/17 Proposed Budget

Changes: The Proposed Budget for the Information Technology Department (IT) is \$11.4 million in total funds, including \$7.7 million General Fund (GF) and \$3.7 million other funds in 2016/17. This represents an increase of about \$442,000 (or 4.1%) over the amended 2015/16 Budget. The Proposed Budget includes 91.00 full-time equivalents (FTE) which represents an increase of 6.00 FTE (or 7.1%) over the amended 2015/16 budget.

The increase in funding and staffing for the department is primarily due to the following:

- A transfer of 1.00 FTE from Public Works to IT for the administration of 311 (\$78,020 GF).

- One-time funding for the Student Internship Training Program. This program provides for quality and diversity of the IT workforce (\$120,000 GF).
- The addition of 5.00 FTE to implement a two-year parking enforcement pilot in 311. These positions will be offset by increased parking revenue (\$329,550 GF).

Performance Measures: The IT Department ensures that the City receives the highest possible value in business technologies. To study the success of the department, the following five performance measures are tracked:

- IT 311 Division – Since FY14 the rate of answered calls has increased from

Funding Summary (in 000s)	2012-13 Actuals	2013-14 Actuals	2014-15 Actuals	2015-16 Amended	2016-17 Proposed	Change over Amended
General Fund	\$3,134.1	\$4,447.4	\$5,704.0	\$7,207.5	\$7,678.6	\$471.1
Interdepartmental Srvc. Fund	\$3,832.7	\$3,515.8	\$1,871.8	\$2,017.4	\$1,901.4	(\$116.0)
Other	-	\$941.4	\$1,512.6	\$1,684.9	\$1,771.5	\$86.6
						% Change
Total	\$6,966.8	\$8,904.6	\$9,088.4	\$10,909.8	\$11,351.5	4.1%

Department Review

Staffing Levels	2012-13 Actuals	2013-14 Actuals	2014-15 Actuals	2015-16 Amended	2016-17 Proposed	Change over Amended
311 Division	-	23.00	26.00	26.00	31.00	5.00
Enterprise Applications Management Div.	6.00	14.00	15.00	18.00	17.00	(1.00)
Innovation Team Division	-	-	-	11.00	12.00	1.00
IT Business Management Division	13.00	13.00	15.00	4.00	5.00	1.00
IT Regional Support Division	4.00	7.00	7.00	7.00	7.00	-
Technology Infrastructure Services Div.	26.00	16.00	17.00	19.00	19.00	-
						% Change
Total	49.00	73.00	80.00	85.00	91.00	7.1%

79.8% to the proposed goal of 90.0%. The department expects to achieve this goal through an increase in automation services.

- IT Regional Support – The goal is to have customers rate the quality of IT service as good or excellent 98.0% of the time. We note that for FY15 the department received responses of good or excellent 99.0% of the time.
- Technology Infrastructure Services Division – This division ensures that mission critical network systems are available for City business. The goal for system availability is 100.0% excluding scheduled maintenance periods. This goal has been met in the previous fiscal periods with actuals reported.
- Enterprise Applications Management Division – The goal is to have at least 85 datasets published and that this information is available at least 99.0% of

the time (same as most recent actual). Typical requested datasets include City park locations, parking lots, or statistics.

Questions to Consider: During budget hearings and prior to adoption of the 2016/17 Approved Budget, the Mayor and Council may want to consider the following:

- The department proposes to add 5.0 FTE positions for a 311 parking enforcement pilot program. During budget hearings, the department should provide a workload analysis to identify if the number of requested positions is accurate for this program. Additionally, as a two-year pilot, how will the department track data to determine the effectiveness of the program?

Department Review

Parks and Recreation

2016/17 Proposed Budget

Changes: The Proposed Budget for the Parks and Recreation Department is \$40.3 million in total funding in 2016/17, including \$22.8 million General Fund (GF) and \$17.5 million Other Funds. This represents an overall increase of \$4.6 million (or 12.9%) over the amended 2015/16 Budget. The Proposed Budget includes 716.95 full-time equivalents (FTE) which represents an increase of 9.03 FTE (or 1.3%) over the amended 2015/16 Budget.

The increase in funding and changes in staffing for the department is primarily due to the following:

- The Proposed Budget includes an additional \$1.1 million GF supplement for 4th R and START to maintain current activity levels as recommended in the Mayor’s Budget Priorities Memo. We

note the total subsidy for the two programs is over \$2 million GF.

- The addition of 1.22 FTE Accounting Technician to support the Department’s CIP and implementation of the Affordable Care Act (ACA).
- The addition of 5.00 FTE positions related to the department’s right-sizing initiative to address labor costs increases and benefit changes related to the implementation of ACA. Funding is provided by both GF and Measure U.
- The addition of a Park Safety Ranger to increase security in City parks.
- The FY17 budget includes 135.08 FTE and \$9.8 million in Measure U funding in addition to \$4.5 million in CIP funds to address critical repairs in the City’s recreation facilities (\$4.2 million for structural repairs and \$300,000 for pool repairs).

Funding Summary (in 000s)	2012-13 Actuals	2013-14 Actuals	2014-15 Actuals	2015-16 Amended	2016-17 Proposed	Change over Amended
General Fund	\$17,161.9	\$14,478.0	\$16,797.5	\$16,222.6	\$22,812.6	\$6,590.0
4th R	\$6,044.7	\$6,175.6	\$5,905.7	\$5,897.0	\$5,792.3	(\$104.7)
START Fund	\$5,209.3	\$5,099.8	\$5,647.7	\$4,233.1	\$4,232.2	(\$0.9)
Other	\$5,598.3	\$8,747.0	\$9,507.4	\$9,364.6	\$7,475.3	(\$1,889.3)
% Change						
Total	\$34,014.2	\$34,500.4	\$37,858.3	\$35,717.3	\$40,312.4	12.9%

Department Review

Staffing Levels	2012-13 Actuals	2013-14 Actuals	2014-15 Actuals	2015-16 Amended	2016-17 Proposed	Change over Amended
4th R Division	140.55	103.90	103.90	119.02	117.55	(1.50)
Administrative Services Division	10.60	10.40	11.40	11.40	13.40	2.00
Neighborhood Services Division	16.48	-	-	8.52	8.52	-
Park Operations Division	70.75	102.85	105.85	141.34	144.84	3.50
Park Planning and Development Division	8.00	8.00	8.00	8.00	9.00	1.00
Recreation Operations Division	158.87	193.71	199.11	279.65	284.65	5.00
START Division	157.50	142.30	142.30	139.99	138.99	(1.00)
% Change						
Total	562.75	561.16	570.56	707.92	716.95	1.3%

- In addition to the staffing and funding changes, the Proposed Budget includes increases for employee services, other services and supplies for the department and City property. The increase in GF is approximately \$5.4 million.

Key Performance Measures: The Parks and Recreation Department's essential role is to provide parks, programs, and facilities and preserve open space to optimize the experience of living. The department maintains 226 parks, bike trails, over 30 aquatic facilities, community centers, and clubhouses. To study the success of the department, the following six performance measures are tracked:

- Park Maintenance cost per acre – The Maintenance Division maintains over 3,400 acres providing services consisting

of mowing, weeding, litter removal, playground inspections, irrigation repair, and restroom cleaning. The FY17 goal is to keep costs at \$5,137 per acre consistent with the FY16 target.

- Number of developed park acres maintained per FTE – To ensure safe and clean parks and facilities, the department has established minimum service levels per FTE. The FY17 goal is to assign no more than 22 acres per FTE as an increase in acreage assigned per FTE directly impacts service levels. This represents a reduction of 1.26 acres per FTE as compared to the FY16 target.
- Number of volunteer hours managed per developed park acre – The FY17 goal is to increase to 1 volunteer hour per acre. Volunteers contribute over 3,000 hours annually supplementing the department's routine maintenance and beautification. This represents about a

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12 minute increase per acre as compared to the FY16 target.

- Number of safety calls responded to per Park Safety Ranger – Park Safety Rangers patrol areas of the parks, respond to service requests, and provide security. An increase in park safety FTE acts as a crime deterrent, improves response time and reduces overall safety calls. The FY17 goal is to reduce the number of safety calls per ranger to no more than 324. This represents a 34.0% reduction in the number of safety calls per ranger over the FY16 target.
- Number of irrigation service requests responded to per irrigation FTE – The Park Maintenance Division responds to service requests for routine maintenance to emergency mainline leaks. While calls drastically reduce during the winter months, the ongoing drought restrictions will lead to an increase in calls as water waste issues will be reported and expected to be responded to in a short period of time. The FY17 goal is to reduce the number of requests per irrigation FTE to 10 per month. This represents a 12.0% reduction over FY16.
- Percentage of respondents rating Measure U funding of Intramural Sports Programs as good or excellent - The goal for FY17 is to achieve a rating of good or

excellent from 99.0% of respondents. This represents a 2.0% increase over FY16. We note that 100.0% of respondents gave a good or excellent rating for FY15.

Questions to Consider: During budget hearings and prior to adoption of the 2016/17 Approved Budget, the Mayor and Council may want to consider the following:

- The 2016/17 Proposed Budget includes an increase in funding and FTE. However, some of the proposed increase is funding from Measure U monies. Will these expenditures and positions be transferred to GF or an alternative revenue source or will the positions, services, and programs be eliminated upon the expiration of Measure U in March 2019?
- A 0.50 FTE Park Safety Ranger was eliminated from GF and replaced with a 1.00 FTE Park Ranger funded with Measure U. This appears to conflict with budget guidelines to reduce dependence on Measure U by transferring FTE to GF and other revenue sources. As this is an ongoing position, should GF be used instead?
- A one-time GF supplement has been provided for the 4th R and START programs in the Proposed Budget but

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are not included in the five-year forecast. Should Measure Y pass, will sufficient future funding for the 4th R and START programs be available? Additionally, is Measure Y an eligible source for this supplemental funding as the measure includes language requiring that GF for youth services approved in the 2016/17 Budget be maintained?

Department Review

Police

2016/17 Proposed Budget

Changes: The Proposed Budget for the Police Department is \$132.2 million in total funding, including \$131.5 million General Fund (GF) in 2016/17. This represents an increase of about \$8.7 million (or 7.1%) over the amended 2015/16 Budget. The Proposed Budget includes 1,051.46 full-time equivalents (FTE) which represents an increase of 2.66 FTE (or 0.3%) over the amended 2015/16 budget.

The increase in funding and staffing for the department is primarily due to the following:

- Eight sworn officers are proposed to move from forensics to patrol assignments with the forensics positions being back filled with lower-cost civilian classifications (\$1,654 GF).

- The addition of 10 Police Observation Devices (POD) to enhance Downtown safety. These will be used for investigations as well as staff working events at the Golden 1 Center. The one-time expense for the cameras and associated server is \$45,000. The remainder is for overtime on an ongoing basis. We consider this program to be a valuable resource and crime deterrent (\$245,000 GF).
- The Proposed Budget includes funding for mission critical IT infrastructure such as servers, switches, hubs and routers that is in need of updating (\$1.8 million GF).
- Add a Police Sergeant to the Real Time Crime Center (RTCC) and eliminate 2.34 FTE vacant Reserve Officers. The RTCC will allow for the centralization of real-time information including POD camera

Funding Summary (in 000s)	2012-13 Actuals	2013-14 Actuals	2014-15 Actuals	2015-16 Amended	2016-17 Proposed	Change over Amended
General Fund	\$120,341.7	\$120,370.1	\$123,785.9	\$122,833.1	\$131,505.6	\$8,672.5
Interdepartmental Srv. Fund	-	-	\$113.6	\$117.4	\$187.0	\$69.6
Risk Management Fund	\$530.5	\$508.7	\$508.5	\$545.1	\$546.3	\$1.2
						% Change
Total	\$120,872.1	\$120,878.7	\$124,407.9	\$123,495.6	\$132,238.9	7.1%

Department Review

Staffing Levels	2012-13 Actuals	2013-14 Actuals	2014-15 Actuals	2015-16 Amended	2016-17 Proposed	Change over Amended
Field Services Division	275.30	401.30	441.30	499.8	517.80	18.00
Investigations Division	153.00	146.00	155.00	146.00	148.00	2.00
Office of the Chief Division	24.00	28.00	27.00	29.00	29.00	-
Operational Services Division	461.66	384.66	366.00	374.00	356.66	(17.34)
% Change						
Total	913.96	959.96	\$989.96	\$1,048.8	1,051.46	0.3%

feeds, crime patterns and activity, intelligence data, social media, and maps to share with field officers and detectives during developing situations. This is an effective use of staffing to provide valuable crime fighting resources (\$5,933 GF).

- Approved by the City Council, matching funds will facilitate evaluation of a Body-Worn Camera pilot program (\$535,104 Measure U).
- Matching funds are proposed to provide the necessary resources to fill 15 Officer Positions. The positions are part of the City Council goal of 2 officers per 1,000 residents. We note Sacramento ranks near the bottom amongst other large cities in California for officer to resident ratio (\$1.1 million Measure U).
- Funding is proposed to expand the use of the ShotSpotter system into other neighborhoods negatively affected by high rates of gunfire. At this time the new expansion area has not been

finalized but will include the southern part of the city (\$210,000 Measure U).

- In addition to the staffing and funding changes above, the Proposed Budget includes increases for employee services and other services and supplies for the department. The increased amounts appear reasonable for the size of this department (\$4.8 million total funds).

Key Performance Measures: The Police Department’s essential role is to work in partnership with the community to protect life and property, solve neighborhood problems, and enhance the quality of life in our City. To study the success of the department, the following five performance measures are tracked:

- Department-wide – The goal is measured in both Part 1 crimes per 1,000 residents (method A) and Part 1 crimes reported per sworn FTE Officers (method B). The method A goal is 41.5.

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This would rank the City right in the middle amongst comparable cities based on 2015 calendar year data. The method B goal is 31.3. We would expect this number to be lowered as officers are added to the force.

- **Diversity** – The Police Department implements a four point plan consisting of marketing, recruiting, process improvements and a Hiring Pipeline Program. Using this plan, a goal has been set that 40.0% of sworn staff will be women or minorities, a modest attainable increase over the 39.0% reported in two years of actuals. Further, for FY17 the goal for new minority and women hires is 51.0%, which is roughly a 10.0% increase over the past actuals.
- **Response Time** – The timely arrival of a police officer to a reported crime is vital to prevent injury or death, apprehend suspected criminals, identify witnesses and evidence, and enhance the solvability of the crime. The average response time goal for the department is set at 12.80 minutes. This target is about one minute faster than past actuals.
- **911 Calls** – The industry standard time to answer a call to 911 is 10 seconds. The department’s goal is to accomplish this at least 76% of the time. This target would represent an increase of one

percentage point over the FY15 actual time.

Questions to Consider: During budget hearings and prior to adoption of the 2016/17 Approved Budget, the Mayor and Council may want to consider the following:

- With regard to ShotSpotter, has an analysis been done using captured data to support its’ effectiveness? What are the metrics that were developed? The department should provide this information to determine if an expansion is warranted.
- Over \$500,000 is requested for matching funds of the pilot portion of the Body-Worn Camera Program. The department should provide the metrics or data the program will track to ensure a successful pilot.
- As homelessness continues to be a major issue facing the City, the Mayor and Council may want to ask for the data to support the effectiveness of the Homeless IMPACT team. Should the information conclude the team is proving successful, additional positions and resources could be made available for this critical program.
- The Proposed Budget includes funding to provide the required match for 15 officer positions that the City received

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federal funding for. As we move toward the nationally recognized benchmark of 2 officers per 1,000 residents, should consideration be given to the Police Department's ability to recruit for additional positions and the capacity to have those positions complete training in a given fiscal year? Is adding 15 new positions on an annual basis attainable over the out-years? Additionally, the City match for these positions is provided by Measure U proceeds with a requirement to fund for the length of the grant, 3 years, plus an additional year of funding after the expiration of the grant. What is the capacity of the GF to fund these positions upon the expiration of Measure U or will other position have to be eliminated to cover the additional year requirement?

Department Review

Public Works

2016/17 Proposed Budget

Changes: The Proposed Budget for the Public Works Department is \$152.3 million in total funding in 2016/17, including \$11.9 million General Fund (GF), \$68.5 million Enterprise Funds (EF) and \$71.9 million Other Funds. This represents an overall increase of about \$12.5 million (or 8.9%). The Proposed Budget includes 736.35 full-time equivalents (FTE) which represents an increase of 4.30 FTE (or 0.6%) over the amended 2015/16 Budget.

The increase in funding and staffing for the department is primarily due to the following:

- The addition of 1.00 FTE Customer Service Specialist, 1.00 FTE Administrative Technician and 1.00 FTE Accounting Auditor to address increased parking management services (\$258,309

Parking Fund).

- The addition of 3.30 FTE consisting of ten seasonal Sanitation Worker II positions for leaf season. We note these positions are usually needed from October to January (\$175,000 other funds).
- The addition of 1.00 FTE Electronic Maintenance Technician II. This position is needed to comply with California Occupational Safety and Health Administration regulations. Funding for a vehicle and equipment is also included.
- Transfer of 1.00 FTE Program Specialist position to Public Works from Human Resources to support the City's American's with Disabilities Act Program.
- Eliminate 1.00 FTE Facilities and Real Property Superintendent Position to better align operations.

Funding Summary (in 000s)	2012-13 Actuals	2013-14 Actuals	2014-15 Actuals	2015-16 Amended	2016-17 Proposed	Change over Amended
General Fund	\$7,037.0	\$10,056.1	\$9,846.8	\$10,589.5	\$11,903.7	\$1,314.2
Enterprise Funds	\$11,192.0	\$50,755.0	\$50,971.0	\$57,254.5	\$68,461.8	\$11,207.3
Other	\$26,064.0	\$60,849.0	\$64,970.7	\$71,932.7	\$71,899.0	(\$33.7)
% Change						
Total	\$44,293.0	121,660.1	\$125,788.5	\$139,776.7	\$152,264.5	8.9%

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Staffing Levels	2012-13 Actuals	2013-14 Actuals	2014-15 Actuals	2015-16 Amended	2016-17 Proposed	Change over Amended
Engineering Services Division	81.00	80.00	80.00	77.00	76.00	(1.00)
Facilities & Real Prop. Mgmt Division	-	65.00	65.00	66.00	65.00	(1.00)
Fleet Management Division	-	87.00	87.00	87.00	87.00	-
Maintenance Services Division	87.25	125.25	125.25	125.00	125.00	-
Marina Division	-	-	7.80	6.80	6.80	-
Office of the Director	12.00	18.00	18.00	20.00	21.00	1.00
Parking Services Division	123.25	123.25	122.25	122.25	124.25	2.00
Recycling & Solid Waste Division	-	153.00	153.00	158.00	161.30	3.30
Transportation Division	69.00	69.00	70.00	70.00	70.00	-
Urban Forestry	37.00	-	-	-	-	-
% Change						
Total	409.50	720.50	728.30	732.05	736.35	0.6%

- Transfer of 3.00 FTE vacant positions from Public Works; 1.00 Program Analyst position to Community Development to support Animal Care administration, 1.00 position to Information Technology for the administration of 311, and 1.00 Parking Division Customer Service Supervisor position to Finance for the oversight of parking permits and tickets.
- In addition to the staffing and funding changes above, the Proposed Budget includes increases for employee services, other services and supplies for the department and City property. The increases in property, and services and supplies appear significant as a result of the fleet and multi-year operating

project (MYOP) funding that is moved from the operating budgets to the MYOP after adoption of the budget. The increase is much smaller when compared to the FY16 Approved Budget (\$3.6 million). Otherwise, the increases appear normal for the size of this department (\$12.0 million total funding).

Key Performance Measures: The Public Works Department’s essential role is to focus on delivering public projects on time, address parking needs, maintain transportation infrastructure, plan for long-range transportation needs, maintain the City’s urban forest, manage the City’s fleet, facilities and real property assets, and

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provide recycling and solid waste services. To study the success of the department, the following ten performance measures are tracked:

- Percent of all facility work order requests completed within the performance standard - The goal for FY17 is 65.0%. This would represent an increase of 5.0% over the target for FY16.
 - Percent of City vehicles available at 6 AM – Fleet Management collects data to measure staffing ratio, service demands and adequate vehicle availability to determine what percentage of City vehicles are available to operators for City services. The FY17 goal is 93.0% which is a slight decrease as compared to the FY16 target.
 - Percent of fleet using alternate fuels – The California (CA) Global Warming Solutions Act of 2006 requires CA to reduce emissions to 1990 levels by 2020. The Fleet Management Division has reduced emissions by 36.0% between 2005 and 2013. The division’s goal is to increase zero emission vehicles in the City fleet by 3 percentage points each year. The FY17 goal is 26.0% which is an increase of 3 percentage points over FY16.
 - Percentage of roads with a Pavement Quality Index (PQI) above 70 –
- Maintenance Services Division is responsible for street infrastructure which includes over 3,065 lane miles of paved roadway. The Division’s goal is to achieve the PQI above 70 which represents a “good” rating. The FY17 goal is 65.0% which is 24.0% above the FY16 target.
- Percentage of 311 service requests for potholes responded to within 48 hours – Maintenance Services Division patches an average of 1,452 potholes per month for City street infrastructure. The FY17 goal is to respond to 95.0% of these complaints within 48 hours. This is an increase of 5 percentage points over the FY16 target.
 - Percentage of tree inventory pruned per annual cycle – The City has an inventory of over 75,000 public trees. Urban Forestry program prunes nearly 900 trees per month with an overall goal of maintaining a less than seven-year pruning cycle. The FY17 goal is 90.0% which represents a 10 percentage point increase of the FY16 target.
 - Marina slips occupancy rate – This measure is tracked by Sacramento’s Marina which has 475 available boat slips varying in length. Average occupancy rate was typically 94.0%. However, during the recession, the average dropped to 44.0%. With the improvement in economy, amenities

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and new management, the occupancy rate has been increasing. The FY17 goal is 85.0% which is an increase of 15 percentage points over the FY16 target.

- Revenue generated per parking meter – The Parking Division is responsible for collection and maintenance of over 5,800 metered spaces within the City. The program is expanding infrastructure by adding over 500 new paid spaces, implementing market condition pricing models and increasing hours of operation. The goal for FY17 is to generate \$1,532 per parking meter which represents a 26.0% increase over the FY16 target.
- Percent of City collected waste diverted from landfill – CA requires a minimum of 50.0% waste generated within city limits be diverted from landfills. Currently, the city is below the State threshold with residential waste. However, the city collection rate exceeds the state requirement if non-city commercial haulers who divert construction recycling and demolition materials are included. The FY17 goal is 44.0% which is slightly above the FY16 target. Educating customers on proper recycling and adjusting to the collection program is expected to result in increasing this percentage to meet or exceed the state’s required diversion rate.
- Number of complaints of missed pickups (per 10,000 containers) – Sanitation Workers service almost 17 million containers consisting of garbage, recycling and yard waste per year. Missed pickups are declining due to improvements in collection programs. As such, the FY17 goal is 7.1 which is slightly below the FY16 target but higher than the 6.98 actual seen in FY15.

Questions to Consider: During budget hearings and prior to adoption of the 2016/17 Approved Budget, the Mayor and Council may want to consider the following:

- The 2016/17 Proposed Budget includes an increase in funding and 4.30 FTE. However, we note the majority of the increase is specifically within the Recycling and Solid Waste Fund which shows an increase of about \$11.1 million. This significant budget increase is the result of MYOP funding that is moved after the adoption of the budget. The Mayor and Council may want to ask the department to provide a table that removes MYOP funding to better understand the actual changes to the department over the amended 2015/16 Budget.

Department Review

Utilities

2016/17 Proposed Budget

Changes: The proposed budget for the Utilities Department is \$122.0 million in 2016/17 which represents an increase of about \$9.2 million (or 1.9%) over the amended 2015/16 Budget. Only \$122,410 comes from the General Fund (GF). The Proposed Budget includes 547.90 full-time equivalents (FTE) which represents an increase of 10.00 FTEs (or 1.9%) over the amended 2015/16 budget.

The increase in funding and staffing for the department is primarily due to the following:

- Two positions are proposed to support security infrastructure and water treatment plant systems along with an Associate Electrical Engineer for facility

- regulatory reporting. (\$199,733 Water Fund).
- One GIS Specialist III is proposed in support of long-term Information Technology (IT) master planning projects (\$100,986 Wastewater Fund).
- An increase in services and supplies is proposed for water filtration monitoring including 4.00 FTE (\$421,154 Water Fund).
- The addition of an IT Supervisor to provide oversight and accountability (\$149,446 Water Fund).
- Add an Administrative Technician for water assurance reporting and testing (\$78,915 Water Fund).
- Add 2.0 FTE Utilities Operations staff for regulatory and safety compliance (\$158,612).
- Increases in property and services and

Funding Summary (in 000s)	2012-13 Actuals	2013-14 Actuals	2014-15 Actuals	2015-16 Amended	2016-17 Proposed	Change over Amended
General Fund	\$74.8	\$8.1	\$74.9	\$122.4	\$122.4	-
Recycling & Solid Waste	\$3,079.3	\$1,882.4	\$1,823.2	\$1,812.2	\$1,891.9	\$79.7
Storm Drainage Fund	\$26,534.3	\$24,781.5	\$27,973.6	\$29,785.1	\$31,435.6	\$1,650.5
Wastewater Fund	\$17,703.4	\$19,644.9	\$18,977.1	\$22,520.7	\$25,120.5	\$2,599.8
Water Fund	\$48,571.2	\$48,939.4	\$50,246.9	\$57,882.5	\$62,842.8	\$4,960.3
Other	\$681.3	\$726.8	\$436.0	\$594.1	\$533.5	(\$60.6)
% Change						
Total	\$96,644.3	\$95,983.1	\$99,531.7	\$112,717.0	\$121,946.7	8.2%

Department Review

Staffing Levels	2012-13 Actuals	2013-14 Actuals	2014-15 Actuals	2015-16 Amended	2016-17 Proposed	Change over Amended
Business and Integrated Planning Division	74.50	66.00	72.18	71.18	63.18	(8.00)
Engineering and Water Services Division	54.50	115.50	115.72	125.72	135.72	10.00
Office of the Director – DOU	8.00	7.00	9.00	9.00	9.00	-
Operations and Maintenance Division	373.50	328.00	327.50	332.00	340.00	8.00
% Change						
Total	510.50	516.5	524.40	537.9	547.9	1.9%

supplies are the result of fleet and multi-year operating project (MYOP) funding that are moved from the operating budgets to the MYOPs after adoption of the budget. For comparison purposes, the total proposed budget of \$121.9 million is approximately \$1.0 million less than the 2015/16 Approved Budget which includes funding prior to the MYOP transfer.

Key Performance Measures: The essential role of the Utilities Department is to provide dependable, high quality water, storm drainage, and wastewater services. To study the success of the department, the following three performance measures are tracked:

- Engineering and Water Services Division – With the approval of a rate increase by the City Council, the department will be able to accommodate a meter installation goal of 25,000 units in FY 17.

- Office of the Director Division – Water conservation rates are tracked in order to comply with State mandates. The same rates also serve as a performance measure for the department. The conservation goal has been set at 25.0% which is slightly lower than the FY 16 target of 26.0%.
- Operations & Maintenance Division – Terms of a permit issued by the state Water Resources Control Board require that the number of sanitary sewer overflows (SSOs) be 5 per 100 miles of pipe. The goal set at 2.53 SSOs per 100 miles is well below that limit.

Questions to Consider: During budget hearings and prior to adoption of the 2016/17 Approved Budget, the Mayor and Council may want to consider the following:

- We note the Budget Changes Table included in the Utilities Section of the

Department Review

Proposed Budget includes 11.00 new FTE. However, both the Staffing Levels Table in the Utilities Section and the staffing totals included in the Staffing Section of the Proposed Budget include an increase of 10.00 FTE. The department should confirm which position count is correct.

- The projected ending fund balance for the Water Fund in FY17 is \$36 million growing to approximately \$80.0 million in FY21. This would represent an ending fund balance that equals 55.6% of estimated revenue. Likewise, the Wastewater Fund is expected to have an estimated fund balance of \$4.1 million in FY17, growing to an estimated \$20.6 million in FY21. This would equal 45.0% of estimated revenues to the fund for FY21. As rate increases for both funds were recently approved, can the department explain the basis for such large ending fund balances in the out years? Additionally, if the projections for these funds include costs for projects the department identified as necessary, can a portion of the fund balances be applied to increase debt service payments to achieve a cash based department sooner?

Department Review

Citywide and Community Support

2016/17 Proposed Budget

Changes: The Proposed Budget for Citywide and Community Support is \$128.5 million in total funding in 2016/17, including \$53.7 million General Fund (GF). This represents an overall increase of about \$45.3 million or (54.5%) over the amended 2015/16 Budget. The Proposed Budget includes 5.00 full-time equivalents (FTE) which matches staffing levels included in the amended 2015/16 Budget. In addition to the Proposed Budget for Citywide and Community Support this section also displays the funding table for the Debt Service Program. For information related to that program, please see Page 231 of the 2016/17 Proposed Budget.

The increase in funding for the department is primarily due to the following:

- The significant budget change between FY16 and FY17 is the result of fleet and

multi-year operating project (MYOP) funding that is moved from the operating budgets to the MYOP after budget adoption. Without the MYOP, the Proposed Budget for Citywide and Community Support only increased by 2.2% in total funding when compared to the 2015/16 Approved Budget.

- In addition to the staffing and funding changes above, the Proposed Budget includes increases for employee services and other services and supplies for the department. The increased amounts appear reasonable (\$1.2 million total funding).

Key Performance Measures: The Citywide and Community Support activities include managing the Debt Service Program which finances the cost of capital improvement, supporting programs that are not part of any department’s direct operating expenditures and providing

Funding Summary (in 000s)	2012-13 Actuals	2013-14 Actuals	2014-15 Actuals	2015-16 Amended	2016-17 Proposed	Change over Amended
General Fund	\$22,889.9	\$43,741.9	\$43,240.8	\$52,521.5	\$53,668.8	\$1,147.3
Other	\$55,002.5	\$24,538.8	\$27,851.0	\$30,656.2	\$74,800.5	\$44,144.3
						% Change
Total	\$77,892.4	\$68,280.7	\$71,091.8	\$83,177.7	\$128,469.3	54.5%

Department Review

Staffing Levels	2012-13 Actuals	2013-14 Actuals	2014-15 Actuals	2015-16 Amended	2016-17 Proposed	Change over Amended
Community Support Division	0.00	23.00	21.00	5.00	5.00	-
Total	0.00	23.00	21.00	5.00	5.00	0.0%

administrative and financial support to various local and regional operations. We note performance measures for Citywide and Community Support are not included in the 2016/17 Proposed Budget.

Questions to Consider: As Citywide and Community Support has minimal budgetary changes after accounting for MYOP and no staffing increases, we have no additional questions for consideration and would recommend approving the Proposed Budget.

Resolution Review

Within the Proposed Budget is the Budget Resolution which provides guidance and instructions for the execution of the City budget. As the contents within the resolution can have an important effect on operations, our office has included a comparison review of the various sections to highlight any significant changes or additions over the 2015/16 Approved Budget and any additional information we believe to be important:

Background:

- **C. (5)** - All budget actions must be considered in a multi-year context, with new revenues not counted or spent until realized. One-time resources should be used for one-time needs, not ongoing expenses – This section changed the wording from “multi-year context” in 2015/16 to “five-year context”. We believe this is an appropriate change as the language is more specific and better defined rather than open to interpretation.
- **D.** - The FY2016/17 Proposed Operating Budget and the 2016-2021 Proposed Capital Improvement Program (CIP) (which includes the FY2016/17 CIP Budget) are consistent with City Charter requirements and Council’s adopted Core Budget Policies and Budget Guidelines – This section removed language regarding review and

consideration and added the Core Budget Policies and Budget Guidelines. We believe the changes to be appropriate as it provides more consistency.

Resolves:

- **F.** - The City Manager is authorized to transfer the “triple flip” (Proposition 57) trueup payment from the State of California, estimated at \$4.2 million, to the EUR when received - In 2015/16 this section related to the use of CIP funding and the requirement of City Council approval. We find this change to be appropriate and necessary to achieve the Mayor and Council’s goal of a reserve that equals 10.0% of General Fund (GF) revenues.

Appropriation Increases/Decreases:

- **4.2.** - The City Manager is authorized, upon completion of the audited financial statements for FY2015/16, to adjust FY2016/17 fund contingencies by the amount of net changes in available fund balance. The available fund balance in the General Fund shall be included and explained in the report to City Council accompanying the Comprehensive Annual Financial Report (CAFR) – The 2015/16 version of this section did not specify that only the GF

Resolution Review

would be included and explained in the CAFR report. The Mayor and Council could give consideration to strike this language change should the additional information for other fund sources be useful.

compared to the 2015/16 Approved Budget. We have no concerns with the new language as it is primarily technical in nature providing for the adjustment of expenditure and revenue budgets for specific funds, accounts or programs based on the actual receipt of revenue.

Staffing Changes:

- **5.7 (2)** – The Director of Human Resources is authorized to establish non-budgeted positions (NBP) for: Departments as needed to reflect current staffing needs. Departments must have sufficient labor savings to cover the cost of NBP and each NBP shall not be used for more than one year. Departments will seek budget authority to convert NBP to authorized FTE positions or the NBP will be eliminated during the budget process – This is a new section that extends the establishment of NBP to all departments. While the language requires positions be considered for funding after one-year of establishment, the Mayor and Council may want to consider a different process that requires notification of newly established NBP as they occur.

Miscellaneous:

- **17.3 (8) – (13)** – Subparagraphs (8) through (13) are all new items as

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