



## Budget and Audit Committee Report

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Sacramento, CA 95814

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**File ID:** 2021-00598

June 8, 2021

**Discussion Item 04**

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**Title:** Adoption of the FY2021/22 Operating Budget and 2021-2026 Capital Improvement Program

**Location:** Citywide

**Recommendation:** Pass a Motion forwarding to City Council for consideration the FY2021/22 Operating Budget and the 2021-2026 Capital Improvement Program.

**Contact:** Howard Chan, City Manager, (916) 808-7488, Office of the City Manager; Dawn Holm, Director, (916) 808-5574, Department of Finance

**Presenter:** Dawn Holm, Director, (916) 808-5574, Department of Finance

**Attachments:**

- 1-Description/Analysis
- 2- Resolution
- 3- Exhibit A - Budget Changes
- 4- Exhibit B - Position Changes
- 5- Exhibit C - FY2021/22 Approved Budget
- 6- Exhibit D - 2021-2026 Approved CIP

## Description/Analysis

**Issue Detail:** The City Charter, Article IX Section 111, requires the City Manager to deliver budget recommendations no later than 60 days prior to the start of the new fiscal year. The City Manager's FY2021/22 Proposed Budget (Budget) was released on April 21, 2021 and is available at <http://www.cityofsacramento.org/finance/budget>.

The Budget was presented to the Budget and Audit Committee on May 11, 2021. The Budget was presented to the Council during afternoon and evening hearings held on May 18, 2021, and May 25, 2021. The public provided comments to the Council at each of the public hearings. The following summarizes the changes recommended as part of the budget presentations through May 25, 2021:

Meeting Date	Fund	Proposed Changes	FTE	Expenditure Change
5/11/2021 (B&A)	General	Provide funding for the Sacramento Family Unity, Education, and Legal (FUEL) Network for Immigrants.	-	500,000
5/11/2021 (B&A)	General	Add an Administrative Analyst position (1.0 FTE) to the City Manager's Office, Office of Cannabis Management (OCM), to support the Cannabis Opportunity Reinvestment and Equity (CORE) Program, policy development, and implementation of youth outreach and education. The OCM budget will be realigned to absorb the cost of the position.	1.00	-
5/18/2021 (CC)	Measure U	Provide funding for the Women and Children's Shelter RFP from the Housing Trust Fund commitment.	-	680,000
<b>General/Measure U Funds Total</b>			<b>1.00</b>	<b>\$ 1,180,000</b>

**Resolution Changes:** As discussed during the budget hearings, additional authority is needed to carry out Council direction and intent to manage the budget process. The following outlines the changes discussed, and the authority recommended to be included in the Budget Resolution.

American Rescue Plan (ARP): As discussed at prior budget hearings, the City received half of the anticipated \$112 million, or \$56.2 million, of ARP funding on May 19, 2021. According to the federal legislation, the remaining funds will be delivered 12 months after the first disbursement. As soon as guidelines are available for eligible uses, staff will prepare a report for Council consideration. A new fund is recommended to properly account for and report on the ARP funding.

Section 1.10: The City Manager is authorized to establish the Federal ARP Fund (Fund 2705) effective May 19, 2021.

4<sup>th</sup> R Program: The 4<sup>th</sup> R Program was significantly impacted by Coronavirus Disease 2019 pandemic (pandemic) due to school closures and social distancing requirements. As such, the 4<sup>th</sup> R Fund is projecting a year-end deficit. Additionally, the 4<sup>th</sup> R program revenues budgeted in FY2021/22 were based on minimal school site openings beginning in late summer 2021. With the lifting of pandemic restrictions, it appears that most, if not all, school sites will be open and enrollment in 4<sup>th</sup> R will increase. To ensure that program funding is budgeted appropriately, and that the 4<sup>th</sup> Fund is not negatively impacted, the following additional budget authority is recommended.

Section 1.11: The City Manager is authorized to transfer available General Fund (Fund 1001) resources in the Youth, Parks and Community Enrichment Department on June 30, 2021, to address year-end shortfalls in the 4th R Fund (Fund 6012).

Section 17.2(H): Adjust the 4th R Fund (Fund 6012) revenue and expenditure budgets as needed to deliver programs, based on actual revenues received.

Capital Improvement Program (CIP) – Equity Lens: In the City's continuing efforts to address equity across our communities. Council recommended that the City develop and begin using an equity lens in development of the annual CIP Budget and the five-year CIP. In order to develop an equity review tool, Council will need to adopt a shared definition of equity in coordination with the community, develop associated outcomes and measures, and create and adopt an Equity Resolution. The CIP equity lens should: 1) establish a methodology for assessing the influence of various kinds of CIP investments to neighborhoods; and 2) track these investments across different measures of equity over time. The following language is recommended for addition to the Resolution to reflect Council's intent moving forward.

Section 10.2 (*all other numbers in Section 10 have been changed*): The City Manager shall begin using an equity lens in the development of the CIP Budget and five-year plan (as soon as practical) after development of a shared definition of equity in coordination with the community, development of associated outcomes and measures and Council's creation and adoption of an Equity Resolution.

The Budget Resolution has been amended to include the additional authority outlined above.

**Budget Hearings:** The Council is scheduled to adopt the FY2021/22 Budget on June 15, 2021.

**Policy Considerations:** The Budget is balanced and reflects the Council's adopted Budget Policies and Guidelines with a focus on long-term sustainability. The Budget includes continued resources for Council priorities related to inclusive economic development, youth, public safety, homelessness, and essential core services. However, even with the benefits these investments provide, the City as a matter of policy, must remain focused on efforts to right-size the organization and our operations to achieve budget sustainability (*ongoing expenditures below ongoing revenues*) over the long-term.

**Economic Impacts:** Not applicable.

**Environmental Considerations:**

**California Environmental Quality Act (CEQA):** This report concerns administrative activities that will not have a significant effect on the environment and that do not constitute a "project" as defined by the CEQA Guidelines Sections 15061(b)(3); 15378(b)(2) and are not subject to the provisions of CEQA (CEQA Guidelines 15060(c)(2)(3)). CEQA review for any project, which utilizes funds allocated under the FY2020/21 CIP budget, has been or will be performed in conjunction with planning, design, and approval of each specific project as appropriate.

**Sustainability:** None.

**Commission/Committee Action:** Sacramento City Code Section 17.912.010 requires the Planning and Design Commission to review the City's five-year CIP for consistency with the City's General Plan and to report its findings to the City Council. The Commission met on May 13, 2021 and determined that the 2021-2026 CIP is consistent with the City's General Plan.

On May 11, 2021, the Budget and Audit Committee received an overview of the Budget and forwarded the Budget to the full Council for consideration.

**Rationale for Recommendation:** In response to the impact of the pandemic, the City's budget is reflective of a status quo budget with minimal, and strategic initiatives. There are sufficient one-time and ongoing resources to support the activities presented in the Budget.

**Financial Considerations:** The following forecast reflects the Budget as submitted with all adjustments discussed with Council during the budget hearings:

**FY2021/22 Proposed Budget Forecast**

(updated 5/11/2021)

<b>5-Year Forecast</b>	<b>FY2020/21</b>	<b>FY2021/22</b>	<b>FY2022/23</b>	<b>FY2023/24</b>	<b>FY2024/25</b>	<b>FY2025/26</b>
<b>General (G) and Measure U (MU) Funds (\$ in 000s)</b>	<b>Amended</b>	<b>Proposed</b>	<b>Projection</b>	<b>Projection</b>	<b>Projection</b>	<b>Projection</b>
<b>Revenues</b>						
Revenues	589,064	665,245	688,377	708,007	727,480	747,694
Other Sources	20,500	10,750	5,000	5,000	8,000	8,500
<b>Total Revenues/Resources</b>	<b>609,564</b>	<b>675,995</b>	<b>693,377</b>	<b>713,007</b>	<b>735,480</b>	<b>756,194</b>
<b>Expenditures</b>						
Department Operating, Debt and MYOPs	613,748	663,385	686,678	704,488	724,163	738,986
Capital Projects	11,280	14,623	12,690	12,840	12,940	13,040
Other Uses	1,000					
<b>Total Expenditures/Uses</b>	<b>626,028</b>	<b>678,008</b>	<b>699,368</b>	<b>717,328</b>	<b>737,103</b>	<b>752,027</b>
EUR Contribution		3,390	3,497	3,587	3,686	3,760
<b>Net Resources (revenues less expenditures)</b>	<b>(16,464)</b>	<b>(5,403)</b>	<b>(9,488)</b>	<b>(7,907)</b>	<b>(5,309)</b>	<b>407</b>
FY2019/20 Year-End Resources (General Fund)	49,205					
FY2019/20 Year-End Resources (Measure U Fund)	18,750					
Revised FY2020/21 Year-end Fund Balance		589				
Available G/MU Fund Balance	67,955					
<b>Subtotal</b>	<b>51,491</b>	<b>(4,814)</b>	<b>(9,488)</b>	<b>(7,907)</b>	<b>(5,309)</b>	<b>407</b>
<b>Strategic Use of One-Time Resources</b>						
FY2020/21 Budget Adjustments (9-8-20 Rpt/ Midyear)	(5,094)					
Reserve for Budget Development	(5,500)	5,500				
FY2020/21 Midyear Council Adjustments	(3,385)					
Continuous Quality Improvement for Youth	(6,000)					
Housing Trust Fund (HTF)*	(31,500)					
FUEL Network		(500)				
<b>Revised Forecast</b>	<b>\$ 12</b>	<b>\$ 186</b>	<b>\$ (9,488)</b>	<b>\$ (7,907)</b>	<b>\$ (5,309)</b>	<b>\$ 407</b>

\*The uncommitted balance of the HTF as of June 2, 2021 is approximately \$14.32 million and reflects actions taken by Council to date and the \$680,000 for the Women and Children's Shelter included in Council's direction.

**Enterprise and Other Funds:** The City's enterprise and other funds are included in the Budget. On May 18, 2021, Council authorized \$2.2 million in expenditure changes in the Water Fund in the current fiscal year. As such, the Water Fund forecast has been updated to reflect this change.

<b>Water Fund</b>						
<b>(\$ in 000s)</b>	<b>FY2020/21</b>	<b>FY2021/22</b>	<b>FY2022/23</b>	<b>FY2023/24</b>	<b>FY2024/25</b>	<b>FY2025/26</b>
	<b>Estimated</b>	<b>Proposed</b>	<b>Projection</b>	<b>Projection</b>	<b>Projection</b>	<b>Projection</b>
Beginning Fund Balance	128,669	132,401	128,598	114,796	98,958	90,633
Revenue	142,013	135,452	136,851	137,828	138,180	138,537
Expenditures	144,859	136,434	150,653	153,666	146,506	163,401
Other Source/(Use)	6,578	(2,821)	-	-	-	-
<b>Ending Funding Balance</b>	<b>\$ 132,401</b>	<b>\$ 128,598</b>	<b>\$ 114,796</b>	<b>\$ 98,958</b>	<b>\$ 90,633</b>	<b>\$ 65,769</b>

Except for the revised forecast above, no other changes are recommended in the Enterprise and Other Funds.

The changes presented to and directed by Council have been included in the attached Resolution and Exhibits A and B.

**Local Business Enterprise (LBE):** Not applicable.

## **RESOLUTION NO 2020-**

Adopted by the Sacramento City Council

June 15, 2021

### **Approving the Fiscal Year 2021/22 Operating and Capital Improvement Program Budgets**

#### **BACKGROUND**

- A. Article IX, section 111, of the City Charter requires the City Manager to present a balanced budget to the Mayor and City Council no less than 60 days before the beginning of each fiscal year.
- B. The City of Sacramento, through the leadership and direction of the Mayor and City Council, has maintained a sustainable budget philosophy. Given this concept of fiscal sustainability, the City Council adopted the following core budget policies and budget guidelines on February 14, 2017 (Resolution 2017- 0078):

#### **Core Budget Policies**

- 1. City Council must adopt a balanced budget.
- 2. Funding decisions should be consistent with Council-adopted policies.
- 3. The Economic Uncertainty Reserve shall be maintained at a minimum of 10% of budgeted General Fund revenues. Resources must be added to maintain this level through the budget and midyear processes, as necessary.

#### **Budget Guidelines**

- 1. Maintain a fiscally sustainable, balanced budget.
- 2. The Mayor and Council's priorities, based on community input, should drive the budget creation.
- 3. Continue a community-based budget process where city residents are engaged and educated on budget processes and provide feedback on budget priorities.
- 4. Look for ways to grow the reserve beyond its current goal.
- 5. All budget actions must be considered in a five-year context, with new revenues not counted or spent until realized. One-time resources should be used for one-time needs, not ongoing expenses.
- 6. Do not make spending decisions in isolation. Avoid spending money on one-off projects or without looking at the big picture. Understand long-term consequences and opportunity costs.

7. Keep City Council informed on the fiscal condition of the City and conduct continuous evaluations for efficiencies and effectiveness.
  8. The City must consistently look for opportunities to proactively grow revenues instead of simply being reactive.
  9. Make every effort to identify private financing or federal and state grant opportunities before using City resources. Pursue new and enhance existing revenue sources.
  10. Before new expenditures are made, identify return on investments and impacts, fiscal and social benefits.
  11. Address unfunded long-term liabilities.
  12. Remain a full-service City.
- C. On June 11, 2019, the City's Economic Uncertainty Reserve (EUR) Policy was amended to include Measure U resources in determining the amount to be set aside in reserves (Resolution 2019-0248) as directed by the City Council on February 5, 2019 (Resolution 2019-0047).
- D. The FY2021/22 Approved Budget (which includes the Operating Budget and the Capital Improvement Program [CIP] Budget) are consistent with City Charter requirements and the City Council's adopted Core Budget Policies and Budget Guidelines.
- E. The Mayor and City Council conducted budget discussions during May and June 2021 to discuss and consider the City's FY2021/22 Budget.

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

**Section 1. Preliminary Matters.**

- 1.1. The Budget changes attached as Exhibit A, the Summary of FTE attached as Exhibit B, and the Measure U Programming attached as Exhibit C are hereby approved.
- 1.2. The FY2021/22 Operating and CIP Budgets (collectively the Approved Budget), as defined in section 3.1 below, and attached as Exhibit D and E are hereby approved.
- 1.3. The 2021-2026 CIP, which provides a comprehensive five-year plan for the City's capital project expenditures and attached as Exhibit E is hereby approved.
- 1.4. Sections 2 through 20 below, which define the authority and responsibilities of the City Manager in implementing the Approved Budget, are hereby approved.
- 1.5. The City Manager is authorized to incorporate final decisions of the City Council, and to refine and add content, as may be needed to meet Government Finance

Officers Association and California Society of Municipal Finance Officers budgeting-award requirements into the Proposed Operating and CIP Budgets to create the FY2021/22 Approved Budget.

- 1.6. The attached Exhibits A through D are part of this resolution.
- 1.7. The City's Debt service must be limited to 6% of total General and Measure U (G/MU) Fund revenues, excluding Department revenues.
- 1.8. The City Treasurer shall conduct a financial stress test on the combined G/MU Funds before the issuance of any bonds.
- 1.9. Available resources in the Innovation and Growth Fund (Fund 2031) shall be transferred to the General Fund as needed to offset projected deficits shown in the G/MU Fund five-year forecast included in the Approved Budget.
- 1.10. The City Manager is authorized to establish the Federal ARP Fund (Fund 2705) effective May 19, 2021.
- 1.11. The City Manager is authorized to transfer available General Fund (Fund 1001) resources in the Youth, Parks and Community Enrichment Department on June 30, 2021, to address year-end shortfalls in the 4th R Fund (Fund 6012).

## **Section 2. Scope.**

This resolution defines the authority and responsibilities of the City Manager in implementing the Approved Budget and supersedes Resolution 2019-0248.

## **Section 3. Definitions.**

- 3.1. "Account" is the primary accounting field in the budget used to describe the nature of the financial transaction (overtime, professional services, debt, etc.).
- 3.2. "Approved Budget" means the Approved Operating Budget (Operating Budget) and the Approved Capital Budget (CIP Budget), which are attached as Exhibit D and reflects the FY2021/22 Proposed Operating and CIP Budgets, as amended by the City Council to incorporate the approved Budget Changes attached as Exhibit A, Summary of FTE attached as Exhibit B, and Measure U Programming attached as Exhibit C.
- 3.3. "City Manager" means the City Manager or, if so designated, the Director of Finance.
- 3.4. "Department" means a major budgetary grouping such as Mayor and City Council; City Manager; City Attorney; City Auditor; City Clerk; City Treasurer; Community Development; Community Response; Convention and Cultural Services; Finance; Fire; Human Resources; Information Technology; Police; Public Works; Utilities; Youth, Parks, and Community Enrichment; Projects; Debt Service; Citywide and Community Support; and Fund Reserves.



- 3.5. “Full Time Equivalent” and “FTE” mean the decimal equivalent of a position, e.g., one full-time position is 1.00 FTE and one quarter-time position is 0.25 FTE.

#### **Section 4. Approved Budget Appropriations, FTEs, and Adjustments.**

- 4.1. The City Manager is authorized to make any expenditure and resource adjustments to the Operating Budget based on final City Council action to adopt the Operating Budget.
- 4.2. The City Manager is authorized to establish the appropriations and FTE as shown in Schedules 1A, 1B, 1C, and 1D and the fund summaries, including transfers, as shown in Schedules 2A, 2B, and 2C, as displayed in Exhibit D.
- 4.3. The City Manager is authorized to modify FTE classifications by Department as necessary to implement the reclassifications and studies authorized by Schedule 8, as displayed in Exhibit D.
- 4.4. The City Manager is authorized to revise any appropriation made in the Approved or Amended Budget where the revision is of a technical nature and is consistent with the City Council's intent.
- 4.5. The City Manager may authorize the use of the Old Sacramento Public Market Fund (Fund 2601) for the development, repair, and maintenance of the north and south public markets.
- 4.6. The City Manager is authorized to make annual loan payments to the Risk Fund from the Community Center Fund subject to the availability of funds. As of June 30, 2020, the balance of the Risk Fund loan to the Community Center Fund totaled approximately \$5.2 million.
- 4.7. Following budget adoption, the City Manager is authorized to do the following:
- (A) Transfer appropriations from the operating budget and establish or adjust revenue and expenditure budgets for externally funded programs (EFPs), multi-year operating projects (MYOPs), and operating grants as shown in Schedule 9 displayed in Exhibit D.
  - (B) Adjust any appropriation made in the Approved Budget to reflect changes from amounts budgeted for updated labor (for example, changes in retirement rates, payroll taxes, health benefits), fleet (including accident recovery costs), utilities, 311 Call Center (reimbursements based on call data), cost plan, and risk-management changes, from available fund balance or reserves for the respective funds.
  - (C) Adjust budgets to reflect all required debt service and related payments, including adjustments to rate stabilization reserves, pursuant to City debt agreements.

- (D) Revise and establish indirect cost rates to be applied to hourly salary rates in order to achieve full cost recovery of services; and adjust the Operating Budget to reflect the indirect cost rate plan for FY2021/22.

## **Section 5. Economic Uncertainty Reserve Policies and Transfers from Contingency and Reserve Funds.**

- 5.1. The Council-adopted EUR Policy as amended on February 5, 2019 (Resolution 2019-0248) establishes a minimum reserve level equal to 10% of annual G/MU Fund revenues and a target reserve level equal to two months of regular ongoing General Fund expenditures, including transfers (17% of G/MU Fund expenditures). Resources to fund this reserve will be identified on an ongoing basis and can include positive year-end results or other one-time resources available to the G/MU Fund.
- 5.2. The G/MU Fund EUR is maintained to bridge the gap between projected revenue and expenditures during periods of significant revenue declines, expenditure growth, or both. Consistent with Governmental Accounting Standards Board Statement No. 54 (Fund Balance Reporting and Governmental Fund Type Definitions), the Council-adopted parameters for using the EUR are as follows:
  - (A) The City Manager may recommend a release from the EUR when the gap between projected revenue and expenditures is greater than \$1 million in the proposed budget.
  - (B) Any release from the EUR requires the City Council's approval.
  - (C) These parameters may only be changed by resolution of the City Council.
- 5.3. The City Manager is authorized to make appropriation changes (increases or decreases) less than \$250,000 by fund from available fund balance. Appropriation changes, whether increases or decreases, including \$250,000 or more require the City Council's approval, except for payments to employees for vacation and sick leave payouts. Payments to employees for vacation and sick leave payout may be approved by the City Manager.
- 5.4. The City Manager is authorized to make appropriation changes (increases or decreases) less than \$250,000 to any Department or project from Administrative Contingency established in the General Fund. Appropriation changes (increases and decreases) more than and including \$250,000 to the Department or project require the City Council's approval.
- 5.5. Transfers must not be made from an available fund balance or Administrative Contingency, if the transfer will result in a negative balance.
- 5.6. The City Manager is authorized to release the General Fund (Fund 1001) commitment of fund balance (\$5.5 million) established in FY2020/21 for future budget development as needed to submit a balanced budget.

- 5.7. Use of committed fund balance reserves, except as authorized in section 5.6, requires the City Council's approval by resolution.

## **Section 6. Appropriation Increases and Decreases.**

- 6.1. All appropriation changes (increases or decreases) \$250,000 or more to the Approved Budget require the City Council's approval by resolution.
- 6.2. The City Manager is authorized, upon completion of the audited financial statements for FY2020/21, to adjust FY2021/22 fund contingencies by the amount of net changes in available fund balance. The available fund balance in the General Fund must be included and explained in the report to the City Council accompanying the Annual Financial Report (AFR).
- 6.3. Residual balances from unexpended debt proceeds will be reverted to the appropriate fund and used for the lawful purposes as specified in the conditions of the debt issuance. The City Manager is authorized to establish appropriations and account for the expenditure of these unexpended proceeds.

## **Section 7. Appropriation Transfers.**

- 7.1. Operating appropriation transfers within the same Department and the same fund, including the Department's established fleet MYOP, require the City Manager's approval.
- 7.2. Appropriation transfers between two or more Departments, less than \$250,000, must be approved by the City Manager. Such transfers more than and including \$250,000 requires the City Council's approval by resolution.

## **Section 8. Staffing Changes.**

- 8.1. Any increase or decrease in FTE by Department or by fund as authorized in the Operating Budget, by subsequent approval of the City Council, or by the City Manager in accordance with this resolution, is subject to approval by the City Council except for renewals or expansion of fully offset grants or EFPs as specified in section 8.2.
- 8.2. The City Manager is authorized to adjust staffing levels for renewals, expansions, or reductions to fully offset Council-approved operating grants or EFPs. Grant/EFP positions must be terminated upon completion or cancellation of the grant/EFP unless specifically continued by a City Council resolution that includes a source of replacement funding. Any existing positions approved on the assumption that the City would receive a grant or other reimbursements must have continued funding verified before filling the position.
- 8.3. Any reassignment of authorized FTE and employee-services funding associated with the FTE, within a Department and within the same fund, may be made at the discretion of the Department director with the approval of the City Manager as long as there is no net change to authorized FTE and funding levels.

- 8.4. The City Manager is authorized to modify any authorized FTE classification as necessary to reflect current incumbent status based on the established flexibly staffed classifications included in Council-approved labor contracts.
- 8.5. All new job classifications or classification changes (as identified in Exhibit D, Schedule 8) are subject to classification review and approval by the Director of Human Resources.
- 8.6. The City Manager is authorized to adjust staffing levels in the Police and Fire Training Academies based on projected vacancies.
- 8.7. The Director of Human Resources is authorized to establish non-budgeted positions (NBPs) for the following:
  - (A) Mayor and Council Offices, to be funded from their existing operations budgets.
  - (B) Departments as needed to reflect current staffing needs. Departments must have sufficient labor savings to cover the cost of NBPs, and none of the NBPs may be used for more than one year. Departments will seek budget authority to convert NBPs to authorized FTE positions or the NBPs will be eliminated during the budget process.

## **Section 9. Revenue Budget.**

- 9.1. The FY2021/22 revenue budget is summarized in Exhibit D, Schedule 6.
- 9.2. Any increase or decrease greater than (and including) \$250,000 by fund in estimated revenue by Department to the Approved Budget requires the City Council's approval.
- 9.3. The City Manager is authorized to implement biennial Consumer Price Index increases if the increases are warranted based on the adopted Fees and Charges Policy.
- 9.4. Proceeds from the sale of General Fund and Redevelopment Agency Successor Agency surplus land, unless otherwise specified, will be budgeted in the Innovation and Growth Fund (Fund 2031).
- 9.5. Unbudgeted one-time general revenue received in a fiscal year, which is not required to balance the budget as part of the midyear review or fiscal year-end close, will be added to the G/MU Fund EUR.

## **Section 10. Capital Improvements.**

- 10.1. Capital projects and/or appropriations will be used for the following:
  - (A) Repairs, maintenance, improvements, or acquisitions with a total cost of at least \$20,000 and a useful life that exceeds one fiscal year and

- (B) Community/Neighborhood projects as approved in separate resolutions by the City Council.

10.2. The City Manager shall begin using an equity lens in the development of the CIP Budget and five-year plan (as soon as practical) after development of a shared definition of equity in coordination with the community, development of associated outcomes and measures and Council's creation and adoption of an Equity Resolution.

10.2.10.3. The City Council's approval is required for the establishment or cancellation (without completion) of a CIP, except as provided below:

- (A) The City Manager is authorized to approve and establish one or more capital projects for internal City operations related to improvements and minor construction of existing City-owned or occupied buildings if the total cost to deliver each project is less than \$250,000. Projects will be managed in the City Facility Improvement (C15100000) project.
- (B) Capital projects may be subdivided into separate sub-projects as needed to administer, manage, and deliver the original scope of the project, without further City Council action.
- (C) Projects established for agreements the City Manager executes in accordance with Sacramento City Code chapter 18.18. The City Manager is authorized to make all necessary budgetary adjustments when the City accepts improvements constructed under these agreements.

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

10.4.10.5. Completed and inactive projects will be closed annually, except for projects that have existing litigation or payment disputes. An inactive project is one where transaction activity is less than \$1,000 over the prior three years. Closures are the responsibility of the designated project manager. The managing Department and the City Manager are each authorized to process the necessary documentation to close inactive projects.

10.5.10.6. Each fiscal year, all multi-year CIP projects in existence on June 30 will be continued except as provided otherwise in section 10.4. The FY2021/22 CIP Budget is summarized on Schedules 2 and 4 as displayed in Exhibit D and on Schedule 4 as displayed in Exhibit E.

10.6.10.7. Each fiscal year, unobligated appropriations for all inactive projects, as defined in section 10.4, will expire on June 30 following the third full year of the last appropriation to the project. Projects requiring continuing appropriations will require City Council action through programming within the CIP or through a separate appropriation to the project authorized by resolution of the City Council.

~~40.7.~~10.8. Each fiscal year, on June 30, the balance of each CIP project must be zero or have a positive balance by fund. Projects with spending in excess of available budget from all funding sources (i.e., with negative balance) will be treated as follows:

- (A) If the CIP balance exceeds budget by less than \$250,000, the CIP must first be corrected within each fund, and then any remaining negative balance must be corrected by a transfer from the CIP manager's Operating Budget (all transfers less than \$250,000 must be made as provided for in section 5.3).
- (B) If expenditures exceed the budget by more than and including \$250,000, a corrective plan of action must be submitted to the City Council for approval by resolution.

~~40.8.~~10.9. Community/Neighborhood projects and appropriations established with one- time funding sources under Resolution 2000-682 (11/21/00), 2001-765 (11/20/01), 2003-412 (6/17/03), 2004-551 (6/29/04), 2006-367 (5/23/06), and associated staff reports, are governed by the following procedures:

- (A) Savings of up to and including \$50,000 due to lower-than-expected costs or the securing of alternative funding sources may be administratively reprogrammed into other projects within the same Council District at the request of the Council District Office and with the approval of the City Manager.
- (B) Savings above \$50,000 may be reprogrammed upon approval by resolution of the City Council.

~~40.9.~~10.10. Except as provided in section 10.8, the City Manager is authorized to transfer appropriations less than \$250,000 as follows:

- (A) General, Measure U, and Capital Bond Funds:
  - (1) From a project that has not been completed, if a revised project estimate confirms that upon completion there will be project savings.
- (B) All other funds from Project A to Project B if:
  - (1) Project A is complete and has savings; or
  - (2) Project A has not been completed and a revised project estimate confirms that there will be project savings upon completion.

~~40.10.~~10.11. Upon completion and closure of a capital project, the City Manager is authorized to transfer any remaining project balance as follows:

- (A) To the available fund balance of the respective fund, the Capital Projects Base Reserve in the Utilities CIP or, in the case of the General Fund, Administrative Contingency; or in the case of capital grants, to amend the

revenue and expenditure budgets to actual revenues received and expenditures incurred.

(B) As provided for in section 10.9.

~~40.11.10.12.~~ Except for projects covered by section 10.10, the City Manager is authorized to increase or decrease project budget appropriations by less than \$250,000 for each project. Appropriation changes more than and including \$250,000 in total for any project must be approved by resolution of the City Council. The City Manager's administrative authority to adjust budgets for capital projects will be reset after budgetary actions are authorized by the City Council. If the appropriation is from available fund balance, it is subject to the provisions in section 5.

~~40.12.10.13.~~ Measure A Sales Tax (Fund 2001) revenue and expenditure budgets can be loaded into the City's financial system before approval by the Sacramento Transportation Authority Board (STA Board). Work on CIP projects in this fund is done before receiving funding. Project funding and appropriations must be as follows:

- (A) The City Manager is authorized to enter the revenue and expenditure budgets as reflected in the Approved Budget (revenues) and CIP Budget (expenditures).
- (B) The City Manager is authorized to enter revenue and expenditure budgets before STA Board approval.
- (C) STA Board approval is required for all Measure A reallocations. When the City Council acts on recommended Measure A reallocations before STA Board action, City Council approval will be contingent on STA Board approval.

~~40.13.10.14.~~ Projects funded by New Measure A Project Construction Sales Tax are included within the CIP Budget for planning purposes. Work on CIP projects funded by New Measure A Project Construction Sales Tax (Fund 2023) is done before receiving funding, and project funding and authorization for these projects must be as follows:

- (A) Fund 2023 revenue and expenditure budgets will not be loaded into the City's financial system until STA Board approval and City Council appropriation through separate Council action.

~~40.14.10.15.~~ Projects funded by the following reimbursable (grant) funds are included within the Operating and CIP Budgets for planning purposes: Funds 3702, 3703, 3704, 6205, 6206, 6207, and 6211. Work on CIPs funded by these sources is done before receiving funding, and project funding and authorization for these projects must be as follows:

- (A) Funds 2700, 3702, 3703, 3704, 6205, 6206, 6207, and 6211. Revenue and expenditure budgets will not be loaded into the City's financial

system until agreements (Program Supplements/E-76s, Individual Project Agreements, Cooperative Agreements, etc.) have been executed by the City and the funding authority.

- (B) Funds 3703 and 3704. The City is eligible to receive federal or state funding, or both, for certain transportation projects through the California Department of Transportation (Caltrans). Master Agreements, Program Supplemental Agreements, Fund Exchange Agreements, and Fund Transfer Agreements must be executed by Caltrans before such funds can be claimed. The City Manager is authorized to execute on the City's behalf all Master Agreements, Program Supplemental Agreements, Fund Exchange Agreements, and Fund Transfer Agreements, and any amendments thereto.

The City Manager is authorized to transfer matching funds as specified in the approved CIP from the state and federal Grant Match (T15007200) CIP, and to enter the revenue and expenditure budgets as reflected in the grant agreement, only if the amount differs by less than \$250,000 from what was reflected in the Approved CIP Budget that authorized the project funding. Project agreements that differ by more than and including \$250,000 from the anticipated budget require the City Council's approval by resolution.

~~10.15.~~10.16. The 2021-2026 CIP Budget (Schedule 4, Exhibits D and E) includes projects that are directly supported by user and developer fees and utility rebates. The City Manager is authorized to adjust Department revenue budgets and CIP expenditure budgets for projects as identified in the General Government section of the CIP that are directly supported by fees and rebates based on the actual fees and rebates collected, less any operating costs associated with delivering the service.

~~10.16.~~10.17. The City Manager is authorized to adjust revenue and expenditure budgets to reflect actual revenues received and expenditures incurred in compliance with the original grant award and any amendments. If the grant is not renewed or is changed by more than and including \$250,000, the managing Department must return to the City Council for corrective action.

## **Section 11. Operating Grants.**

11.1. City Council approval is required for the establishment or cancellation (without completion) of an operating grant except as follows:

- (A) Where the operating grant is less than \$250,000 and does not require any of the following:
  - (1) any increase or decrease, by Department or by fund, in FTE as authorized in the Approved Budget or by any subsequent approval by the City Council or the City Manager in accordance with this resolution;



- (2) matching funds from City resources; or
    - (3) any ongoing service or funding by the City.
  - (B) The City Manager is authorized to establish operating grants and authorize spending and allocation of resources more than and including \$250,000 in advance of formal agreements in response to governmental requests for public-safety assistance related to homelessness, disasters and national-security risks. The Department responding to these events shall report to the City Council within 60 days after receiving formal program documents from the requesting governmental agency or agencies to obtain approval to enter into agreements and accept reimbursements.
  - (C) Operating grants may be subdivided into separate sub-projects as needed to administer, manage, and deliver the original scope of the project, without further City Council action.
- 11.2. The City Manager is authorized to adjust FTE and associated service and supplies budget, in accordance with section 8.2, for renewals or expansions of fully offset grants previously approved by the City Council.
  - 11.3. If a grantor requires City Council action as a condition of funding the grant, the establishment of the grant requires the City Council's approval regardless of the grant amount.
  - 11.4. Each fiscal year, all multi-year operating grant budgets in existence on June 30 will be continued in the next fiscal year.
  - 11.5. The City Manager is authorized to adjust revenue and expenditure budgets for renewals, up to the amount previously approved by the City Council, and augmentations less than \$250,000 of fully offset grants.
  - 11.6. The City Manager is authorized to establish revenue and expenditure budgets for federal or state grant-funded youth programs and parks-and-recreation programs based on the prior year award before receipt of signed agreements. Project funding and appropriations must be adjusted based on the final grant agreement. If the grant is not renewed or is changed by more than and including \$250,000, the managing Department must return to the City Council for corrective action.
  - 11.7. Each fiscal year, on June 30, the balance of each grant budget must be zero or have a positive balance by fund. Grants in excess of the budget from all funding sources (total budget has a negative balance) will be treated as follows:
    - (A) If the Grant balance exceeds budget by less than \$250,000, the Grant must first be corrected within each fund, and then any remaining negative balance must be corrected by a transfer from the Grant manager's Operating Budget (all transfers of less than \$250,000 must be made as provided for in section 5.3).

- (B) If the project balance exceeds budget by more than and including \$250,000, a corrective plan of action must be submitted to the City Council for approval by resolution.
- 11.8. The City Manager is authorized to adjust grant and operating expenditure budgets to account for Council-approved grant match and retention obligations.
- 11.9. The City Manager is authorized to adjust revenue and expenditure operating grant budgets to reflect actual revenues received and expenditures incurred upon closure of a project in compliance with the original grant award and any amendments.
- 11.10. Award and Distribution of City Grants.
  - (A) City Council approval is required: (1) to award grants to an individual, non-profit, business, or community-based organization that applies for a City grant more than and including \$250,000; and (2) to execute contracts with the grantees for the services to be provided.
  - (B) Consistent with City Council direction, the City Manager is authorized: (1) to award grants to an individual, non-profit, business, or community-based organization that applies for a City grant in amounts less than \$250,000; and (2) to execute contracts with the grantees for the services to be provided.
  - (C) The award and distribution of grants must comply with any Citywide Grant Distribution Policy.
  - (D) Before grant funds are distributed, the City and the grantee must execute a City contract that outlines the public benefit, timelines, and reporting requirements.
  - (E) The annual budget must list all grants awarded the previous calendar year.

## **Section 12. Externally Funded Programs.**

- 12.1. City Council approval is required for the establishment or cancellation (without completion) of an EFP, except as follows:
  - (A) Where the EFP is less than \$250,000 and does not require any of the following:
    - (1) any increase or decrease, by Department or by fund, in FTE as authorized in the Approved Budget or by any subsequent approval by the City Council or by the City Manager in accordance with this resolution;
    - (2) matching funds from City resources; or
    - (3) any ongoing service or funding by the City.

- (B) EFPs may be subdivided into separate sub-projects as needed to administer, manage, and deliver the original scope of the project, without further City Council action.
- 12.2. Each fiscal year, all multi-year EFP budgets in existence on June 30 will be continued in the next fiscal year.
- 12.3. The City Manager is authorized to adjust revenue and expenditure budgets for EFP renewals, up to the amount previously approved by City Council, and augmentations less than \$250,000.
- 12.4. Each fiscal year, on June 30, the balance of each EFP budget must be zero or have a positive balance by fund. EFPs in excess of the budget from all funding sources (total budget has a negative balance) will be treated as follows:
  - (A) If the EFP balance exceeds budget by less than \$250,000, the EFP must first be corrected within each fund, and then any remaining negative balance must be corrected by a transfer from the EFP manager's Operating Budget (all transfers of less than \$250,000 must be made as provided for in section 5.3).
  - (B) If the project balance exceeds budget by more than and including \$250,000, a corrective plan of action shall be submitted to the City Council for approval by resolution.
- 12.5. EFPs with existing contracts approved by the City Council, funding ongoing operations and studies, can be adjusted annually (revenues and expenditures) based on the actual revenues received.

### **Section 13. Multi-Year Operating Projects.**

- 13.1. A MYOP is used for the following:
  - (A) Economic Development Assistance and Development Programs (e.g., inclusionary housing).
  - (B) Planning, audit, and other consultant studies that will take more than one fiscal year to complete.
  - (C) Department fleet (vehicle or equipment) acquisition charges from the Fleet Management internal service fund.
  - (D) Other projects and activities that are multi-year in nature and are not capital-improvement projects.
- 13.2. City Council approval is required for the establishment or cancellation (without completion) of a MYOP, except as provided in section 13.7.
- 13.3. MYOPs may be subdivided into separate sub-projects as needed to administer, manage, and deliver the original scope of the project, without further City Council action.

- 13.4. Each fiscal year, unobligated appropriations in existence on June 30 for existing MYOPs will be continued in the next fiscal year, except as noted in sections 13.10, 13.11, and 18.11.
- 13.5. MYOPs must be used solely for the originally approved program or study. Completed or inactive MYOPs will be closed annually. An inactive project is one where transaction activity is less than \$1,000 over the prior three years. Closures are the responsibility of the designated project manager. The managing Department and the City Manager each have the authority to process the necessary documentation to close inactive projects.
- 13.6. The Police and Fire Department are authorized to use Measure U MYOPs savings from vacancies for background investigations, recruit academies, and overtime associated with restored programs and operations.
- 13.7. The City Manager is authorized to establish and adjust budgets for private development activities (Funds 2016 and 2018) managed in MYOPs that are fully offset by development fees.
- 13.8. Each fiscal year, on June 30, the balance of each MYOP must be zero or have a positive balance by fund. Projects in excess of the budget from all funding sources (total budget has a negative balance) will be treated as follows:
- (A) If the MYOP balance exceeds budget by less than \$250,000, the MYOP must first be corrected within each fund, and then any remaining negative balance must be corrected by a transfer from the MYOP manager's Operating Budget (all transfers of less than \$250,000 must be made as provided for in section 5.3).
  - (B) If the MYOP balance exceeds budget by more than and including \$250,000, a corrective plan of action must be submitted to the City Council for approval by resolution.
- 13.9. The City Manager is authorized to increase or decrease MYOP budget appropriations by less than \$250,000 for each project. Transfers that exceed and including \$250,000 in total for any MYOP require the City Council's approval by resolution.
- 13.10. The City Manager is authorized to review MYOPs on an annual basis and return excess funds to the fund balance or contingency of the respective fund (e.g., Fleet, Measure U, Utility Rate Assistance).
- 13.11. The Utility Box Artwork (I17000800) MYOP General Fund budget can be amended up to \$450,000 (\$50,000 for each Councilmember and the Mayor) based on requests and resources provided from the operations budgets of the person requesting.
- 13.12. MYOPs with existing contracts approved by the City Council funding ongoing operations and studies, can be adjusted annually (revenues and expenditures) based on the actual revenues received.

#### **Section 14. In-Lieu Property Taxes and In-Lieu Franchise Fee.**

- 14.1. An in-lieu property tax and in-lieu franchise fee are hereby imposed on the Community Center (Fund 6010) and Parking (Fund 6004) Funds in the amounts provided in Schedule 3 as displayed in Exhibit D. The City Council finds that the in-lieu property tax as detailed in Schedule 3 represents the property-tax revenue that would be received by the General Fund if the real and personal property owned by these enterprises were taxable under private ownership. The in-lieu franchise fee as detailed in Schedule 3 represents the franchise fees that the City would receive from private entities as a rental or a toll for the use of city streets and rights-of-way.

#### **Section 15. Appropriation Limits.**

- 15.1. The appropriation limit and the appropriations subject to the limit are hereby amended in accordance with article XIII B of the California Constitution for FY2021/22, as detailed in Schedule 5 as displayed in Exhibit D.

#### **Section 16. Midyear Report.**

- 16.1. The City Manager shall present a Midyear Report including a revised estimate of the financial condition of all funds, estimated revenues and expenditures, and recommendations for eliminating any projected fund deficits to the City Council.
- 16.2. The City Council will act on any projected fund deficits as part of the midyear review.

#### **Section 17. Adjustments for Revenue Offset Programs and Services.**

- 17.1. The City Manager is authorized to adjust revenue and expenditure budgets in special revenue funds based on actual revenues collected to provide appropriation authority for operating costs associated with delivering the service.
- 17.2. The City Manager is authorized to make the following adjustments to Department Operating Budgets or fund balance:
  - (A) Adjust Fire Department revenue and expenditure budgets based on actual revenues received for Department strike-team services provided throughout California.
  - (B) Adjust operating Department revenue and expenditure budgets based on actuals revenues received for providing reimbursable services to the Golden 1 Center as outlined in the City's agreement to provide services.
  - (C) Adjust the revenue budget for the Sacramento Police Department's Secondary Employment Program to reflect actual revenues received and adjust the expenditure budget by a like amount for providing

reimbursable services as outlined in the City's Secondary Employment Agreement.

- (D) Adjust the revenue and expenditure budgets for facility maintenance and repair services provided to outside agencies and entities (15004521-338020) and for private property concrete maintenance and sidewalk repairs (15001641-343010) to reflect actual revenues received for these services.
- (E) Increase the revenue (Account 391320) and fleet-replacement expenditure (Account 474210) budgets in the Fleet Fund (Fund 6501) based on departmental fleet purchasing changes (additional or early replacement) approved by the City Council during the fiscal year and upon completion of audited financial statements to allow the continued purchasing of prior-year-funded replacement vehicles.
- (F) Transfer excess parking-meter revenue from the General Fund (Fund 1001) to cover eligible costs that are incurred in the Parking Fund (Fund 6004) if the full costs of the current fiscal-year operations for parking meters has been recovered and the Department has a positive net year-end results.
- (G) The Rental Housing Inspection Program Fees are established to recover the costs of the program. If the full cost of the current-year operations for that program have been recovered, then excess revenues for the program will be committed to fund a reserve equal to one year's revenue budget for the program.

If these operations do not achieve the budgeted revenues or if program costs exceed the program budget, then resources must be transferred from the commitment of fund balance for the Rental Housing Inspection Program to cover the shortfall.

- (H) Adjust the 4th R Fund (Fund 6012) revenue and expenditure budgets as needed to deliver programs, based on actual revenues received.

17.3. The City Manager is authorized to make the following adjustments between Department operating budgets and CIPs or MYOPs:

- (A) Adjust the revenue budget for the City Attorney's Office and the expenditure budget in the Justice for Neighbors (JFN) (I03000100) MYOP based on the actual fees, penalties, and other revenues collected from third parties for Public Nuisance, Social Nuisance, and JFN actions brought by the City Attorney.
- (B) Adjust the Community Development Department operating budget for spay/neuter and unaltered pet-licensing revenue accounts (Account 341380 [Program Code 13006] and 351020) and increase the Animal Care Low Income Spay/Neuter Program (I13000600) MYOP expenditure budget in the General Fund (Fund 1001) to reflect 50% of the penalty

fees and 50% of unaltered pet-licensing fees collected in accordance with Sacramento City Code section 9.44.215.D.

- (C) Adjust the revenue budget for the Convention and Cultural Services Department franchise fee to reflect actual revenues received and increase the expenditure budget by a like amount in the Old Sacramento Service Courts & Support Facilities (M17700000) CIP.
- (D) Adjust the Convention and Cultural Services revenue budget for Memorial Auditorium Facility Fee revenues and the Memorial Auditorium Improvements (M17101000) CIP expenditure budget based on actual fees collected, less any operating costs associated with delivering this service.
- (E) Adjust the Convention and Cultural Services revenue budget for SAFE Credit Union Performing Arts Center Facility Fee revenues and the Performing Arts Center Improvements (M17101800) CIP expenditure budget based on the actual fees collected, less any operating costs associated with delivering this service.
- (F) Adjust the Public Works Department revenue budget to reflect actual revenues received and the Sacramento Valley Station Operations and Management (I15001000) MYOP expenditure budget by a like amount.
- (G) Increase the Public Works Department revenue and expenditure budgets for launch-ramp activities to reflect actual revenues received and transfer any resulting year-end savings for these activities to the Harbor Dredging (M17500000) CIP if the Department has positive net year-end results.
- (H) Adjust the Public Works Department revenue budget and the expenditure budget in the Shared-Rideable Implementation (K15195100) CIP based on the actual revenues received from the Shared-Rideable permit fees, except for the portion of the fee assessed to offset parking-meter-revenue loss.
- (I) Adjust the Public Works Department revenue budget (15001021) and the expenditure budget in the Tree Planting and Replacement (R15188500) CIP based on actual revenues received in the Tree Planting and Replacement Fund (Fund 2035).
- (J) Adjust the Youth, Parks, and Community Enrichment Department revenue budget for recreation-program fees and increase the expenditure budget in the Recreation Facility Improvement (L19800200) CIP if the full cost of the current fiscal-year operations for this CIP have been recovered and the Department has positive net year-end results.
- (K) Adjust appropriations made in the Approved Budget for fleet replacements from amounts budgeted for updated fleet-replacement costs less than \$250,000 by Department and by fund and transfer expenditure budgets from Department operating budgets to the Fleet

Acquisitions (I06000999) MYOP if the Department is projecting expenditure savings in excess of the transfer.

- (L) Increase the transfer from the Community Center Fund (Fund 6010) to the General Fund (Fund 1001) to offset the annual budget provided for in Schedule 9 for the Powerhouse Science Center (E18000400) EFP as authorized by Council through December 2048, if Transient Occupancy Tax revenues exceed budget by an amount up to \$600,000 at year-end and if the Community Center fund has positive year-end available fund balance.
  - (M) Increase the Youth, Parks, and Community Enrichment Department revenue budget for the all-weather sport field facility fees received and increase the expenditure budget in the Granite All Weather Field CIP (L19806000), provided that the Department has positive net year-end General Fund Results.
- 17.4. The City Manager is authorized to make the following adjustments to CIPs and MYOPs:
- (A) Adjust the revenue and expenditure budgets in the Old Sacramento Garbage Service Courts (M17700000), Old Sacramento District Improvements (M17700100), and the Joe's Crab Shack & Rio City Café Repairs and Maintenance (B18119000) CIPs based on actual rent proceeds available after payment of all fees to the State of California and funding of annual required maintenance costs.
  - (B) Adjust revenue and expenditure budgets in the Energy Reinvestment Program (C13001900) CIP to reflect actual energy rebates and incentives received.
- 17.5. The City Manager is authorized to implement the following fiscal transactions as needed to properly manage and account for the City's Cannabis revenues and expenditures:
- (A) Adjust the Citywide revenue budgets for all Business Operations taxes relative to Cannabis activities based on actual revenues received and increase the expenditure budget in the Cannabis Policy and Enforcement (I06420000) MYOP as necessary to cover costs.
  - (B) Adjust the revenue budget for the City Manager's Office of Cannabis Management operations (02001101) to reflect actual revenues received and increase or decrease the expenditure budget in the operating budget by a like amount. At year-end excess resources must be transferred to I06420000 to offset the cost of enforcement. If there are inadequate revenues available, resources must be transferred from I06420000 to cover the actual operating costs incurred in 02001101.
  - (C) Establish or increase the revenue budget(s) for fines and administrative penalties collected in accordance with Sacramento City Code section



8.132, relating to the cultivation of cannabis, in the Department were collected and increase the expenditure budget in I06420000 to support enforcement activities based on actual revenues received.

- (D) Adjust the revenue budget for Housing and Dangerous Building fines, fees, and penalties collected by the Community Development Department and the expenditure budget in I06420000 at year-end based on actual revenues received.

17.6. The City Manager is authorized to implement the following fiscal transactions as needed to properly manage and account for the City's efforts toward reducing homelessness:

- (A) Adjust revenue and expenditure budgets in the Whole Person Care (I02000900) MYOP related to intergovernmental transfers received to support program activities through the performance period up to the amount of the annual program-year budget approved by the California Department of Health Care Services.

At year-end, the revenue and expenditure budgets in I02000900 will be adjusted to match actuals.

- (B) Adjust the revenue and expenditure budgets to reflect actual contributions received from external partners in the Homeless Housing Initiatives (I02000200) MYOP to support homeless-services programs.
- (C) Each fiscal year, unobligated General Fund appropriations in existence in the Office of Homeless Services (23001031) on June 30 must be transferred to the I02000200 if the Department has positive net year-end General Fund results.
- (D) Adjust interdepartmental transfers related to the Whole Person Care (I02000900) MYOP as needed for the duration of that program.

17.7. The City Manager is authorized to implement any necessary financial transactions for the administration of revolving loan fund programs authorized by the City Council.

## **Section 18. Year-End Process and Carryover Authority.**

- 18.1. Each fiscal year, all purchase-order commitments outstanding on June 30, and associated appropriations, are hereby continued.
- 18.2. If there is not a budgetary surplus in the General Fund at year-end, the City Manager shall suspend the General Fund transfers and carryovers authorized in this section.
- 18.3. Each fiscal year, unobligated appropriations in existence on June 30 for the City Council operations budget will be carried over to the next fiscal year.

- 18.4. Each fiscal year, unobligated General Fund appropriations in existence in the Arts Stabilization budget (80001065) on June 30 must be transferred to the Cultural and Economic Vitality (I17001000) MYOP if the Department has positive net year-end General Fund results.
- 18.5. Each fiscal year, revenues in excess of budget in Building Inspection, Building Plan Check, Customer Service/Permit Counter, and Planning Operations areas of the Community Development Department must be transferred to the Development Stabilization Contingency Reserve (DSCR), consistent with the adopted DSCR policy, if the Department has positive net year-end results.

If these operations do not achieve the budgeted revenues or if program costs exceed the program budget, then resources must be transferred from the DSCR to these areas of the Community Development Department to cover the shortfall.

- 18.6. Each fiscal year, unobligated General Fund appropriations in existence in the Human Resources Department on June 30 must be transferred to the Training and Outreach (I08000300) MYOP if the Department has positive net year-end General Fund results.
- 18.7. Each fiscal year, unobligated net appropriations in existence on June 30 in the Information Technology (IT) Department operations General Fund budget and the citywide IT budget in Citywide and Community Support must be transferred to the IT Critical Infrastructure(A07000700) CIP to create a funding mechanism for future citywide technology initiatives, which the City Manager will review annually.
- 18.8. Each fiscal year, unobligated appropriations in the City's California Public Employees' Retirement System budget account(s) (413170/ 413172) that are not required to balance the budget must be transferred to the City's other post-employment benefit trust.
- 18.9. Each fiscal year, if the START Fund (Fund 2501) has a deficit, unobligated General Fund (Fund 1001) appropriations in existence in the Youth, Parks, and Community Enrichment Department on June 30 must be transferred to Fund 2501 to cover any deficit associated with the general- and auto-liability insurance premiums if the Department has positive net year-end General Fund results.
- 18.10. Each fiscal year, the Fleet Acquisitions (I06000999) MYOP will be reviewed and excess funds will be returned to the fund of origin.
- 18.11. Each fiscal year, unobligated appropriations in the Measure U MYOPs at the close of the fiscal year must be returned to Measure U available fund balance (Fund 2401).
- 18.12. The City Manager is authorized to establish the Commercial Waste Compliance MYOP (I15220000) and each fiscal year, unobligated net appropriations in

existence on June 30 in the Public Works Department (15005861) must be transferred to the Commercial Waste Compliance MYOP (I15220000).

- 18.13. Each fiscal year, any unspent Measure U Fund (Fund 2401) appropriations in the Youth, Parks, and Community Enrichment Department on June 30 must be transferred to the Measure U Park Improvements CIP (L19706000), Citywide Pool Assess/Repair CIP (L19706500), or Recreation Facility Improvements CIP (L19800200) until the backlog of deferred maintenance, for existing projects within the programs, are completed.
- 18.14 The City Manager is authorized to make all necessary budgetary adjustments to account for the interfund Loan from the Risk Fund (Fund 6502) to the General Fund (Fund 1001) related to the agreement with the City and the Natomas Basin Conservancy Loan.
- 18.15 The City Manager is authorized to transfer \$1.2 million from the FY2020/21 Economic Development Measure U MYOP (I80180900) to the Specific Plans MYOP (I22000100).

## **Section 19. Year-End Reporting.**

- 19.1. Each fiscal year, after any adjustments specifically provided for in other sections of this resolution, all appropriations in the Operating Budget that remain unspent and unencumbered (unobligated) on June 30 will revert to the available fund balances of the respective funds. Any budgetary surplus in the General Fund, determined as part of the fiscal year-end close process, will be reported in the AFR as Assigned for Next Year's Budget, Unassigned, or as specifically directed below or in a subsequent resolution.
- 19.2. All unrealized investment gains determined as part of the fiscal year-end close process will be reported in the AFR as Assigned for Unrealized Investment Gains, as those gains are not available for appropriation.

## **Section 20. Miscellaneous Controls and Considerations.**

- 20.1. Expenditures by fund at the Department level must not exceed the Operating Budget as amended by any subsequent approval by the City Council or the City Manager in accordance with this resolution.
- 20.2. Subject to the City Manager's approval, projected fund deficiencies in any Department must be corrected as follows in accordance with the sections of this resolution governing transfers and appropriations by reducing expenditures in the Department (e.g., restricting purchase orders, freezing vacant positions) or by an appropriation transfer from Administrative Contingency or available fund balance, or both, subject to the provisions of section 5.
- 20.3. The City Manager is authorized to eliminate funds as required for proper accounting and fiscal management when the purpose of a fund has expired, and its fund balance has been expended.

- 20.4. In all staff reports that come before the City Council, net budgetary impacts on all funds, including indirect impacts, must be stated clearly and concisely so that the City Council has a full understanding of the financial consideration and impacts of its decisions.

Resolution Exhibits:

Exhibit A – Budget Changes

Exhibit B – Position Changes

Exhibit C – FY2021/22 Approved Budget

Exhibit D – 2021-2026 Approved CIP

## Budget Changes

### Operating Budget Adjustments

Department	Fund Name (Number)	Revenue Adjustment (\$ in 000s)	Expenditure Adjustment (\$ in 000s)	Description
Office of the City Manager	General (1001)	-	126,000	Add an Administrative Analyst position (1.0 FTE) to the City Manager's Office, Office of Cannabis Management (OCM), to support the Cannabis Opportunity Reinvestment and Equity (CORE) Program, policy development, and implementation of youth outreach and education. Funding for the position is being transferred from the OCM MYOP (106420000).
Fund Reserves	Measure U (2401)	-	680,000	Release Housing Trust Fund (HTF) commitment and increase fund balance.
Fund Reserves	Measure U (2401)	-	(680,000)	Reduce fund balance to provide funding for the Women and Children's Shelter (102000200).
<b>Total \$</b>		<b>-</b>	<b>\$ 126,000</b>	

### Multi-year Project Appropriations

Project Name (Number)	Fund Name (Number)	Expenditure Adjustment	Description
Cannabis Policy and Enforcement (106420000)	General (1001)	(126,000)	Transfer funding to the Office of Cannabis Management in the City Manager's Office to fund the addition of an Administrative Analyst.
FUEL Network (102000800)	General (1001)	500,000	Funding for Family Unity, Education, and Legal (FUEL) Network to provide critical legal, education, and support services to Sacramento families facing the threat of deportation.
<b>Subtotal:</b>		<b>500,000</b>	
Homeless Housing Initiative (102000200)	Measure U (2401)	680,000	Provide funding for the Women and Children's Shelter with a release from the HTF commitment.
<b>Subtotal:</b>		<b>680,000</b>	
<b>Net Project Changes:</b>		<b>\$1,180,000</b>	

**Exhibit B****Position Changes**

Department Fund Name	Job Classification	Union (Rep. Unit #)	FTE Change	Description
<b>CITY MANAGER</b>				
General	Administrative Analyst	SCXEA (01)	1.00	Position added to the Office of Cannabis Management Division to support the CORE services program.
<b>Subtotal FTE Change:</b>			<b>1.00</b>	

**Citywide Staffing Summary**

Department	FY2020/21 Amended	FY2021/22 Proposed	FY2021/22 Change	FY2021/22 Approved
Mayor/Council	37.00	37.00	-	37.00
City Auditor	10.00	10.00	-	10.00
City Attorney	59.00	60.00	-	60.00
City Clerk	19.00	20.00	-	20.00
City Manager	87.00	70.00	1.00	71.00
City Treasurer	14.00	14.00	-	14.00
Community Development	290.50	288.50	-	288.50
Community Response	-	23.00	-	23.00
Convention and Cultural Services	123.50	123.50	-	123.50
Finance	91.00	92.00	-	92.00
Fire	712.50	710.50	-	710.50
Human Resources	80.00	79.00	-	79.00
Information Technology	198.50	200.50	-	200.50
Police	1,097.96	1,102.96	-	1,102.96
Public Works	747.35	749.35	-	749.35
Utilities	569.90	571.90	-	571.90
Youth, Parks, and Community Enrichment	724.54	723.94	-	723.94
Citywide and Community Support	7.00	7.00	-	7.00
<b>Total</b>	<b>4,868.75</b>	<b>4,883.15</b>	<b>1.00</b>	<b>4,884.15</b>

## Exhibit C

### FY2021/22 APPROVED OPERATING BUDGET

*Insert when Finalized*

## **Exhibit D**

### **APPROVED 2021-2026 CAPITAL IMPROVEMENT PROGRAM**

*Insert when Finalized*