



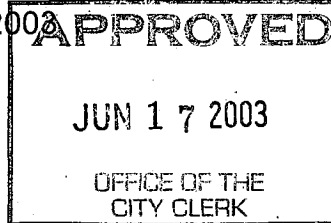
12.1

DEPARTMENT OF
FINANCE
FINANCE ADMINISTRATION

CITY OF SACRAMENTO
CALIFORNIA

SACRAMENTO CITY HALL
730 I STREET
ROOM 215
SACRAMENTO, CA
95814-2684

June 12, 2003



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City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: ADOPTION OF THE FY2003/04 OPERATING AND CAPITAL BUDGETS

LOCATION/COUNCIL DISTRICT: Citywide

RECOMMENDATION:

It is recommended that the City Council adopt the attached resolution approving the FY2003/04 City of Sacramento Operating and Capital Improvement Budgets.

CONTACT PERSON: Reina J. Schwartz, Budget, Policy & Strategic Planning
Manager, 808-7195

FOR CITY COUNCIL MEETING OF: June 17, 2003

SUMMARY:

This report transmits the FY2003/04 Operating Budget and Capital Budget for final adoption and reflects Intent Motions the City Council has made during the hearings on the Proposed Budget.

COMMITTEE/COMMISSION ACTION: None

BACKGROUND:

The City Manager's FY2003/04 Proposed Budget was released on May 1, 2003 as required by the City of Sacramento Charter. There have been eight City Council meetings to discuss the Proposed Budget.

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Summary of Changes to the Proposed Operating Budget: The following table summarizes the changes to the operating budget that have been approved by Intent Motion since the Proposed Budget was released. The table also shows General Fund revenues approved by the City Council that are in excess of any operating budget increases. The \$1.5 million generated is a significant component of achieving a total of \$2.6 million in new revenue anticipated in FY2003/04.

Program	Description	FTE	Revenue Change	Expenditure Change
Operating Budget Changes Approved By Intent During Budget Hearings				
Non Department	Reduce reserves to provide funding for campaign financing for the 2004 City Council races, as approved on June 5, 2003 subject to reporting back on program implementation	0.0	\$0	\$300,000
Fire	Adjust Fire – ALS budget to reflect City Council action on May 29, 2003 Operating CIP Station Computer Upgrade	1.0	\$1,202,000	\$1,000,000 \$750,000
Parks and Recreation	Adjust positions and reallocate existing funding to create a fiscal unit for the department and to increase park maintenance positions as approved on May 29, 2003.	2.5	\$0	\$53,500
Parks and Recreation and Neighborhood Services	Move the START program from the Parks and Recreation Department to the Neighborhood Services Department to align budget and program operation - (no net budget or FTE change), as discussed on May 29, 2003.	0.0	\$0	\$0

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Program	Description	FTE	Revenue Change	Expenditure Change
Planning and Building	Adjust Planning and Building Department Budget to reflect additional revenues, expenses and FTE approved by Council on April 29, 2003 and June 10, 2003. Planning fee implementation is subject to a report back within 60 days.	18.0	\$287,627	\$1,163,206
Public Works	Adjust Animal Care budget authority as directed by City Council on June 10, 2003 and portion of fee increase to cover new costs.	0.0	\$84,256	\$84,256
Public Works	One-year rate increase approved by City Council on 6/3/03 (not the two-year rate increase proposed). Report back on a voluntary program for containerized green waste requested by City Council.	0.0	\$0	\$0
	TOTAL ADJUSTMENTS	21.5	\$1,573,883	\$3,350,962
	Expenditure offsets - Operating Grants, Fees and ALS reserve	21.5	n/a	(\$1,477,079)
	General Fund	0.0	\$1,573,883	\$1,873,883
New General Fund Revenues Approved by City Council During Budget Hearings				
Public Works	Adjust on-street parking fee revenues for fees approved by City Council on June 10, 2003.		\$260,000	n/a
Public Works	Adjust parking penalty revenues as approved by City Council on June 10, 2003.		\$885,000	n/a

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Program	Description	FTE	Revenue Change	Expenditure Change
Public Works	Animal Care revenues approved by Council June 10, 2003 above new program costs.		\$206,186	n/a
Parks and Recreation	Adjust revenues for increased fees for special event applications, neighborhood and community park reservations and Adult sports field use as approved by City Council on June 10, 2003. Proposed increases in swim admission fees were NOT approved.		\$67,500	n/a
Convention Culture & Leisure	Adjust fee for Old Sacramento Visitor Boat Dock use approved on June 10, 2003.		\$15,000	n/a
Neighborhood Services	Adjust revenues for increased code enforcement fees approved by City Council on June 10, 2003.		\$60,000	n/a
	TOTAL		\$1,493,686	n/a

Reports Back: A listing of remaining reports back that have been requested during the budget hearings is included as Attachment A.

Budget Resolution: The attached Budget Resolution includes all of the changes that were authorized during the budget hearings shown above. In addition, the Resolution has been modified to:

- Approve the use of Police and Fire Department FY2000/01 Carryover amounts to cover costs associated with the USDA Conference scheduled for June 22 – June 25, 2003. The Proposed Budget Resolution already authorized release of the FY2000/01 carryover amounts to departments, pending return to Council for approval of specific spending plans. This change to the resolution approves expenditures for Police and Fire from these funds for the USDA Conference, without having to return to City Council first.
- Authorize the release from reserve a total of \$900,000 (\$100,000 per District, plus the Mayor's Office) for community neighborhood capital projects. This change in the

resolution will allow the release of the \$900,000 that had been reserved from surplus franchise fee revenues (as part of adoption of the FY2002/03 Budget) as projects are established.

Adoption of Year-Long Budget Process Timeline: Given the financial uncertainties still to come – most notably pending actions on the County and State budgets which will likely affect the City's budget – a year-long budget process is proposed to prepare for the FY2004/05 budget. An outline of the key milestones for the year-long budget process is included as Attachment B.

In summary, staff will be returning to the City Council later this summer with recommendations on any needed actions in response to the County's budget, as well as with a recommended process for conducting an organizational assessment to help address the estimated \$25 million structural imbalance in the City's General Fund and an update on the status of savings achieved through the hiring controls that have been implemented. If needed, staff will return to City Council on June 24th with any recommendations to deal with specific County reductions to our jointly operated facilities/programs.

Staff will also return to Council with recommendations once the State has taken final action on their budget. Finally, the major milestone for this process will be the Midyear FY2003/04 Report, scheduled for March 2004. That report will contain recommendations on organizational efficiencies as well as the overall strategy for addressing the structural imbalance.

Miscellaneous Corrections: In addition to the changes to the Proposed Budget made by the City Council through the budget hearing process, there are a number of clean-up items that need to be included in the final document. These include:

- Correct Sacramento Public Library Authority contribution. When the Proposed Budget was released, the proposed contribution to the Sacramento Public Library Authority was mis-stated. This report recommends that as part of the Approved Budget that the contribution to the Sacramento Public Library Authority be set at \$7,635,600 rather than the \$7,437,490 shown in the Proposed Budget document.
- Correct Listing of Positions for Department of Utilities. In the Proposed Budget, two positions in the Department of Utilities that are proposed to be reclassified from Associate Engineers (represented) to Senior Engineers (unrepresented) were shown only as Associate Engineers. The position listing in the Approved Budget document will show those positions as reclassified to Senior Engineers beginning in FY2003/04.
- Authorizing the City Manager to reclassify resources shown as revenues in the Proposed Budget as expenditure offsets where they result in no net change. In the Proposed Budget, a number expenditure offsets were inadvertently classified as revenues. The recommended Approved Budget resolution would provide the authority to correct this.

- Correct Listing of Positions for Planning and Building Department. In the Proposed Budget, two positions in the Planning and Building Department in Organization 4870 were incorrectly classified. For FY2003/04 two Senior Planners were shown. The correct listing is one Assistant Architect and one Junior Architect, with the Assistant as a proposed reclassification from a Junior Architect position. In order to correct the position listing for the Planning & Building Department, the two positions in Organization 4871 (Design Review) shown in the Proposed Budget document should be one Assistant Architect and one Senior Planner (not two Senior Planners).

FINANCIAL CONSIDERATIONS:

The FY2003/04 Proposed Budget for the City of Sacramento totals \$707 million from all funding sources and 4,702 full time equivalent (FTE) staff. The General Fund portion of the Budget is \$304 million, 3,394 FTE staff.

POLICY CONSIDERATIONS:

The FY2003/04 Budget is consistent with the sustainable budget concept that the City Council has implemented in the last several years. The FY2003/04 Budget reflects a cautious, prudent spending plan, positioning the City strongly to deal with the financial challenges ahead.

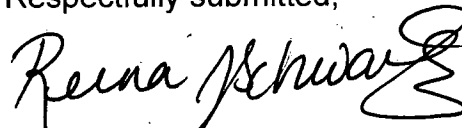
ENVIRONMENTAL CONSIDERATIONS:

There are no environmental considerations associated with this report.

ESBD EFFORTS:

This report does not involve the purchase of goods or services.

Respectfully submitted,



Reima J. Schwartz
Budget, Policy & Strategic Planning Manager

RECOMMENDATION APPROVED:



ROBERT P. THOMAS
City Manager

- Correct Listing of Positions for Planning and Building Department. In the Proposed Budget, two positions in the Planning and Building Department in Organization 4870 were incorrectly classified. For FY2003/04 two Senior Planners were shown. The correct listing is one Assistant Architect and one Junior Architect, with the Assistant as a proposed reclassification from a Junior Architect position.

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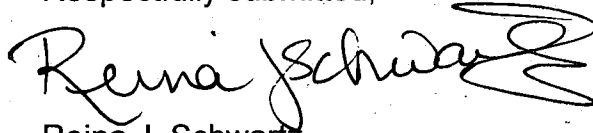
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There are no environmental considerations associated with this report.

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This report does not involve the purchase of goods or services.

Respectfully submitted,



Reina J. Schwartz
Budget, Policy & Strategic Planning Manager

RECOMMENDATION APPROVED:



ROBERT P. THOMAS
City Manager

City Council
Adoption of the FY2003/ 04 Operating and Capital Budgets
June 12, 2003

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- Attachment B: Year-Long Budget Process, page 11
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- Exhibit 1: Exhibit 1 to the Resolution, page 23

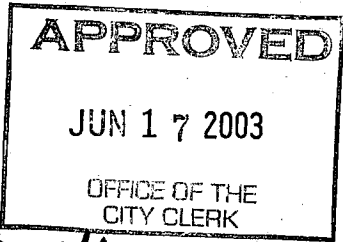
FY2003/04 Proposed Budget Reports Back due after July 2003 Council Recess	
Department	Description (Date Requested, Requester)
City Attorney/ Neighborhood Services	Could we establish mandatory minimums for administrative penalties (5/29/03, Jones)
Police/Fire	Analyze calls for service for both Police and Fire (GIS mapping) to look for potential redundancies that could be eliminated for efficiencies and cost savings (5/29/03, Hammond)
Police/Fire	At a Council meeting after July recess, schedule presentation of mobile command post and homeland security presentation so that it can be videotaped and shared further with the community (5/29/03, Mayor)
Fire	How is the Fire department planning ahead to deal with a growing senior population (5/29/03, Mayor)
Fire	Report back on recruitment work plan and on EMT training opportunities, including moving the program within the City limits (5/29/03, Tretheway)

FY2003/04 Proposed Fee Increases	
Reports Back due after July 2003 Council Recess	
Department	Description (Date Requested, Requester)
Planning	Report back on all Planning & Building fees within the City, within 60 days (6/10/03, Pannell)
Planning	Provide information and background on fees that are charged by the City of Roseville (6/10/03, Jones/Yee)
Convention, Culture & Leisure	Provide fee information from other cities for daytime boat dock usage; what is the peak demand; can reservations be adjusted to accommodate fewer days to stay during events such as the Jazz Festival (6/10/03, Mayor/Pannell)
Parks	Provide information on how we handle the shortfall without pool fees increased (e.g. increase prices of food and beverages sold at the pools) (6/10/03, Cohn/Mayor)
Code Enforcement	Provide information and percentage on fees proposed vs. full cost recovery (6/10/03, Jones)
Code Enforcement	Provide information on the ordinance regarding large trucks parking on residential streets and the timeline the ordinance will be implemented (6/10/03, Jones)
Public Works	Provide thorough review of parking meter times (30 min, 60 min); impacts of free parking on weekends in Central City (work with Midtown and Downtown Business Associations, Museums, etc); and adjust holiday schedule to coincide with City, County and State mandated holidays by November 2003; further increases in the daily bagged rate and consideration of changing timeframes on meters to end at 5pm (6/10/03, Mayor/Cohn/Tretheway)
Public Works	Provide information on the fees that are penalty driven due to misbehavior (fine for the boot should be raised substantially) (6/10/03, Hammond)
Public Works	Provide information on how Santa Monica manages its off-street parking re: providing the first hour free (6/10/03, Tretheway)

FY2003/04 Proposed Capital Improvement Program Reports Back due after July 2003 Council Recess	
Department	Description (Date Requested, Requester)
Finance	Provide expanded information on TOT Tax collected by geographic area; how the tax is used now; what share of TOT comes from motels on Stockton Boulevard (Beat Feet activity); how are we addressing Code/Public Safety issues on Stockton Boulevard (6/10/03, Jones)
Convention, Culture & Leisure	Provide information about whether we should allow a portion of the in-lieu franchise fee to stay with the Golf Fund; what is the cost to construct a new Golf Cart storage structure in the fall (6/10/03, Yee)
Parks	Provide information on setting up a Bridge Maintenance Fund (6/10/03, Cohn)
Parks	Provide information on the long term plan (2-4 years) to get closer to completing Granite Park (6/10/03, Pannell)
Parks	Provide information on L&L funding limitations, can we spend in other areas (e.g. operations rather than capital?) (6/10/03, Mayor)
Parks	Land Park Fund – Should we have funds set up for other regional parks? (6/10/03, Mayor)
City Attorney	What options are available for developing a non-subdivision related development fee to help pay for infrastructure in older areas (6/10/03, Pannell)

Year-Long Budget Process

June 2003	July 2003	August 2003	Sept/Oct/Nov 2003	Feb 2004	March 2004
<p>City Council adopts FY2003/04 Budget (June 17th)</p>	<p>Report/ Recommendations to Council on County Budget impacts</p>	<p>Report/ Recommendations to Council on Process for Organizational Assessment</p>	<p>Status report to Council on Savings from Hiring Controls</p>	<p>Status report to Council on Savings from Hiring Controls</p>	<p><u>Midyear Review:</u></p> <ul style="list-style-type: none"> • Expenditure and Revenue Update • Finalize Strategy to Address \$25 million Structural Imbalance
<p>City Council adopts year-round Budget concept and timeline (June 17th)</p>	<p>Strategy to Address \$25 million Structural Imbalance to Council</p>		<p>Report/ Recommendations to Council regarding State budget impacts</p>		
<p>County of Sacramento adopts FY2003/04 Budget (June 20th)</p> <p>(Report/ Recommendations to City Council at June 24th hearing if needed to respond to County reductions)</p>					



RESOLUTION NO. 2003-412

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

**RESOLUTION ADOPTING THE APPROVED
BUDGET FOR THE CITY OF SACRAMENTO
FISCAL YEAR 2003/04 BUDGET**

SECTION 1. SCOPE

This resolution defines the authority and responsibilities of the City Manager in implementing the Approved Budget of the City of Sacramento, and supersedes Resolution 2002-400.

SECTION 2. DEFINITIONS

- 2.1 "Approved Budget" means the budget adopted by the City Council on June 17, 2003 for the 2003/04 fiscal year, per the attached exhibits, including subsequent transfers from Contingency Reserves to departments to implement labor agreements and transfers to account for employee service changes due to promotions, vacancies, merit increases and reallocations.
- 2.2 "Current Budget" means the 2002/03 Approved Budget, incorporating any subsequent appropriation increases, decreases or transfers.
- 2.3 "Expenditure Class" means Employee Services, Other Services and Supplies, Equipment, Debt Service, Labor Offset, Transfers, and Capital Improvements.
- 2.4 "Department" or "Agency" means Mayor/Council, City Manager, City Attorney, City Clerk, City Treasurer, Convention Culture & Leisure, Economic Development, Finance, Fire, Human Resources, Information Technology, Labor Relations, Neighborhood Services, Parks & Recreation, Planning and Building, Police, Public Works, Utilities, Capital Improvement, Debt Service, Non-Departmental and Reserves.

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- 2.5 "Division" means a sub-unit of a department.
- 2.6 "Activity" means a sub-unit of a division.
- 2.7 "Organization" means a department, division, or activity.
- 2.8 "City Manager" means the City Manager or, if so designated, the Director of Finance, or the Budget Manager.
- 2.9 "Full Time Equivalent" means the decimal equivalent of a position; i.e., one full time position is 1.00 FTE and one quarter-time position is 0.25 FTE.
- 2.10 "Base Budget" means the current year budget modified per labor agreements, one-time expenditures and citywide charges.

SECTION 3. AUTHORIZED STAFFING AND APPROPRIATIONS

- 3.1 The City Manager is authorized to make any expenditure and resource adjustment to the Proposed Budget based on final City Council action to adopt the Budget. This is to include adjustments to all Budget Schedules referenced in this resolution and on the attached schedule of changes (Exhibit 1).
- 3.2 The appropriations and Full Time Equivalent staffing as shown in Schedules 1A, 1B, 1C and fund summaries including transfers as shown in Schedule 2 are approved.
- 3.3 During budget deliberation and following budget approval, the City Manager is authorized to make adjustments for updated labor, vehicle, energy, contingencies and risk management changes such as retirement rates, payroll taxes, health benefit, fleet costs and risk management costs from designated funds or reserves.
- 3.4 Following budget approval, the Director of Finance is authorized to revise indirect cost rates to be applied to hourly salary rates in order to achieve full cost recovery of services. The Director of Finance is authorized to adjust the operating budget to reflect the indirect cost plan for Fiscal Year 2003/04.
- 3.5 Reclassification requests, as noted in the authorized position listings, require approval by the Human Resources Department in order for the new classification to be authorized.

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SECTION 4. APPROPRIATION INCREASES/DECREASES

- 4.1 All increases or decreases in excess of \$100,000 to operating and capital appropriations shall be approved by the City Council by resolution.
- 4.2 The City Manager is authorized upon completion of the audited financial statements for FY2002/03 to adjust FY2003/04 fund appropriations by the amount of net savings/overruns as determined by the City Council. These carryover amounts will be included and addressed in the Midyear Financial Report.
- 4.3 The residual balances from unexpended debt proceeds will be reverted to the General Fund and utilized for the legal purposes as specified per conditions of the "debt issuance". The City Manager is authorized to establish appropriations and account for the expenditure of these unexpended proceeds.

SECTION 5. STAFFING INCREASES/DECREASES

- 5.1 Any increase or decrease, by department by fund, in Full Time Equivalent (FTE) staffing levels as authorized in the Approved or Amended Budget for a department must be approved by the City Council.
- 5.2 Any existing positions which were approved on the basis of the City receiving a grant or other reimbursements must have continued funding verified prior to filling the position. The City Manager is authorized to adjust staffing levels for renewals or expansions of fully offset grants. Grant funded positions shall be terminated upon completion or cancellation of the grant unless specifically continued by resolution including a source of replacement funding.
- 5.3 Any exempt management position adjustment made subject to the approval of the City Manager and subject to the Personnel Resolution covering Unrepresented Officers and Employees approved by City Council must have funding verified by the Director of Finance or the Budget Manager prior to implementation.
- 5.4 Any reassignment of authorized FTE and employee services funding associated with these FTE within a department and within the same fund may be made at the discretion of the department head with the approval of the City Manager as long as there is no net change to authorized FTE and funding levels.

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- 5.5 All new positions or job reclassifications are subject to classification review and approval by the Human Resources Director. Funding adjustments will be consistent with appropriate classification and approval by the Budget Manager.
- 5.6 The City Manager has authority to adjust staffing levels in the Police and Fire Training Academy based on projected vacancies.

SECTION 6. APPROPRIATION TRANSFERS FROM CONTINGENCY/RESERVE FUNDS

- 6.1 The Reserve for Economic Uncertainty will be \$22 million for FY2003/04. This reserve will be maintained for the purpose of absorbing unforeseen revenue losses and allowing continuation of Approved Budget program levels.
- 6.2 Appropriation transfers from fund balance contingency funds up to and including \$100,000 may be approved by the City Manager. Such transfers in excess of \$100,000 shall be approved by the City Council by resolution, except for payments to employees for vacation and sick leave termination, which may be approved by the City Manager.
- 6.3 No Reserve transfer shall be made from any fund, which would create a negative undesignated fund balance in the fund, or in the case of the General Fund, in the Administrative Contingency.
- 6.4 Release to unobligated fund balance the following amounts previously designated by the City Council:
 - (1) \$1,500,000 from the Franchise Fee Allocation;
 - (2) \$1,000,000 from designated Federal mandates; and
 - (3) \$4,548,000 from the Energy Reserve.

SECTION 7. OTHER APPROPRIATION TRANSFERS

- 7.1 Any operating appropriation transfers within the same department must be approved by the City Manager or the Manager's designee.
- 7.2 Appropriation transfers between two or more departments up to and including \$100,000 may be approved by the City Manager or the Manager's designee. Such transfers in excess of \$100,000 shall be approved by the City Council by resolution.

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SECTION 8. UNSPENT APPROPRIATIONS AND ENCUMBRANCES

- 8.1 All appropriations in the operating budget, which remain unencumbered or unexpended on June 30, 2003, after adjustments resulting from Section 4.2, 4.3 and 9.2 or as specifically excluded in Section 11, shall revert to the fund balance of their respective funds.
- 8.2 All purchase order commitments outstanding on June 30, 2003 are hereby continued.

SECTION 9. CAPITAL IMPROVEMENTS

- 9.1 All multi-year capital improvement projects in existence on June 30, 2003 shall be continued in the 2003/04 fiscal year except as provided in sections 9.8 and 9.10. The FY2003/04 Capital Improvement Budget is hereby adopted as summarized on Schedule 2 and Schedule 4.
- 9.2 Each fiscal year, at June 30, the balance of each capital improvement project must be zero or have a positive balance by fund. Projects in excess of the budget from all funding sources by \$100,000 or less shall, first, be corrected within each fund and, second, be corrected by a transfer from the operating budget organization of the project manager. All transfers of \$100,000 or less shall be made as provided for in Section 6.2.
- Projects in excess of budget from all funding sources by more than \$100,000 shall be submitted to City Council for approval of a corrective plan of action.
- 9.3 All capital improvement projects shall be approved by the City Council. Capital projects may be subdivided for administrative convenience into separate sub-projects without further Council action. The cancellation (without completion) of a capital project must also be approved by the City Council.
- 9.4 Except in the General Fund, the Director of Finance is authorized to transfer appropriations totaling \$50,000:
- (1) from Project A to Project B if:
 - a) Project A is completed and has savings; or
 - b) Project A is not completed and a revised project estimate confirms that there will be project savings upon completion.
 - (2) for expenditure and revenue between funding sources within a project if the total appropriation remains unchanged.

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Transfers affecting any one project that exceed \$50,000 in total shall be subject to the provisions of 6.2 and 9.2.

9.5 Except as provided for in Section 9.9, upon completion and closure of a capital project, the Director of Finance is authorized to transfer any remaining project balance to:

- (1) the fund balance contingency; or
- (2) as provided for in Section 9.4.

Fund balance for the Utilities Program capital projects is the equivalent to the capital projects base reserve for each fund.

9.6 Capital appropriations shall be used solely for repairs, maintenance, improvements or acquisitions with a total cost of at least \$10,000.

9.7 Capital appropriations shall be used solely for the originally approved project or projects except as provided in this section. Annually, completed or inactive projects will be closed except due to payment disputes. An inactive project is defined as one where transaction activity is less than \$1,000 over the prior three years. Closures are the responsibility of the designated project manager.

9.8 Unencumbered appropriations for all projects will expire on the June 30 following third full year of the last appropriation to the project. Subject projects requiring continuing appropriations will require Council action through programming within the Capital Improvement Program or through amendment to the Program.

9.9 Projects funded by Grants (funds 248, 511 and 512), SHRA Community Development Block Grants (fund 205) and Tax Increment (fund 206) are included within the Operating and Capital Budgets for planning purposes. Work on capital projects funded by these sources is done prior to receiving funding.

Expenditure budgets for CIP projects with funding from these sources will not be added until actual agreements (Program Supplements/E-76's, Individual Project Agreements/IPA, etc.) have been signed between the City and the funding authority.

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Once the agreements are approved, the Finance Director is authorized to enter the revenue/expenditure budgets as reflected on the agreement paperwork, provided that the amount of the agreement is not more than \$100,000 different from what was reflected in the Approved CIP which authorized the project. Project agreements more than \$100,000 different from the anticipated budget shall be submitted to City Council for approval of a budget augmentation.

9.10 The Capital Budget has been amended over the past few years to include "Credit Projects." Credit projects are established to account for turnkey parks, infrastructure and other improvements provided by a developer in exchange for City fee credits. Effective with the 2003-2007 Approved CIP these projects were identified by using an alpha-numeric alpha-numeric (L1L1) project number. The inclusion of these projects has created accounting issues at the fund level and needs to be reviewed in order to provide for a more accurate reflection of proposed spending by fund. The Finance Director is authorized to review the existing accounting system for "Credit Projects" and implement the necessary accounting changes to address this issue.

9.11 Projects and appropriations established as part of the Neighborhood Community funding under Resolution 2000-682, November 21, 2000 and Resolution 2001-765, November 20, 2001, and associated staff reports are governed by the following procedures:

- (1) Savings of up to \$50,000 due to lower than expected costs or the securing of alternate funding sources can be administratively reprogrammed into other projects within the same District, at the request of the Council District Office and with the approval of the Director of Finance.
- (2) Savings above \$50,000 to be reprogrammed will require City Council approval.

9.12 The unobligated balance of capital appropriations that is supported by unissued debt will expire on June 30, 2003 and be re-established as of July 1, 2003 together with the anticipated debt proceeds.

9.13 The final adopted Capital Budget is amended to include the following:

- (1) Add a capital project for the Uninterruptible Power Source (UPS) and approve the transfer of remaining appropriations of \$220,000 approved for this purpose in the FY2002/03 Budget to the project as follows:

101-750-7113-4404 (\$220,000)
101-500-XXXX-4820 \$220,000

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- (2) Add a capital project for the Fire Station Wide Area Network in the amount of \$750,000 (ALS).

9.14 A total of \$900,000 (\$100,000 per Council District, plus Mayor) is authorized for release from the operating reserve for Franchise Fee Allocation for the purpose of funding Community Neighborhood Capital Improvement Projects as they are established.

SECTION 10. OPERATING GRANTS

- 10.1 All operating grants over \$100,000 shall be approved by the City Council.
- 10.2 All operating grants under \$100,000 shall be approved by the City Council if:
 - (1) Any increase or decrease, by department by fund, in Full Time Equivalent (FTE) staffing levels as authorized in the Approved or Amended Budget is requested; or
 - (2) Matching funds from City resources are required; or
 - (3) Accepting the grant creates an expectation for ongoing service or funding by the City.
- 10.3 If a granting authority requires City Council action then the grant shall require approval by City Council regardless of the grant amount.
- 10.3 Operating grant funds appropriated in the Approved or Amended Budget do not require additional Council approval to be expended upon receipt of such grant or grants.
- 10.4 All multi-year operating grant budgets in existence on June 30, 2003 shall be continued in the 2003/04 fiscal year.

SECTION 11. MISCELLANEOUS CONTROLS

- 11.1 No expenditures at the department level shall exceed the Approved or Amended Budget, by fund.
- 11.2 Subject to approval by the Director of Finance and pursuant to the sections governing transfers and appropriations projected deficiencies in any department by fund must be corrected by:
 - (1) reducing expenditures in said department (e.g. freezing vacant positions, restricting purchase orders, etc.); or

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- (2) an appropriation transfer from Contingency Reserve funds, subject to the provisions of Section 6.

11.3 The Director of Finance is hereby authorized to:

- (1) adjust budgets to reflect all required debt service payments per the official statements;
- (2) adjust budgets in the Special Revenue funds for appropriations required based on the action /direction of the Council relative to capital projects, transfer requirements and the availability of funds;
- (3) adjust budgets in the Capital Project funds for the current year based on the previous action of Council for projects on a multi-year basis;
- (4) adjust budgets in the Multi-Year Non-Capital Project Agency for the current year based on the previous action of Council for programming on a multi-year basis; and
- (5) adjust departmental budgets to reflect release of the FY2000/01 Department carryover. All departments must return to the City Council for approval of a spending plan for these funds, except in the case of the Police and Fire Departments who are authorized to spend any needed carryover funds to cover the costs associated with the USDA Conference in June 2003.

11.4 Continue the spending authority until June 30, 2004 for Animal Control appropriations funded June 5, 2001 in Resolution 2001-364, Sections 2, 4 and 5 in response to recommendations from the Blue Ribbon Committee on Animal Care. Authorize the transfer of \$233,000 of the remaining FY03 balance to the Animal Care CIP (GA11) to allow continued spending authority beyond FY2003/04.

11.5 Appropriations in existence on June 30, 2003 for the Inclusionary Housing Program, Infill Program and the Economic Development Assistance Program shall be continued in the 2003/04 fiscal year.

SECTION 12. MIDYEAR FINANCIAL REPORT

12.1 City Council shall be provided a Midyear Financial Report including a re-estimate of the financial condition of all funds, including prior year actual fund balances, re-estimated revenues and expenditures, projected ending fund

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balances or deficits, and recommendations for eliminating any projected fund deficits.

- 12.2 The City Council shall act on any projected fund deficits prior to the close of the Fiscal Year.

SECTION 13. CONTINGENCY LITIGATION/PROPERTY MITIGATION RESERVE

- 13.1 The Contingent Litigation/Property Mitigation Reserve is maintained annually to cover possible costs associated with outstanding litigation or property mitigation. Transfers from this Reserve to the operating budget may be approved by the City Manager.

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, Parking, Golf, and Sacramento Marina funds in the amounts provided in Schedule 3 of the FY2003/04 Approved Budget. The Council finds that the in-lieu property tax, as detailed in Schedule 3 represents the property tax revenue, which would be received by the General Fund if the real and personal property owned by these enterprises were taxable under private ownership. The in-lieu franchise fee as detailed on Schedule 3 represents the franchise fees, which would be received by the City from private entities as a rental or a toll for the use of city streets and rights of way.

SECTION 15. APPROPRIATION LIMITS

- 15.1 The appropriation limit and the appropriations subject to the limit are hereby amended pursuant to Article XIII B of the California Constitution for FY2003/04 as detailed in Schedule 5.

SECTION 16. FY2003/04 REVENUE BUDGET

- 16.1 The FY2003/04 Revenue Budget is hereby adopted as summarized in Schedule 6 of the Proposed Budget document.
- 16.2 Any increase or decrease greater than \$100,000 to the adopted revenue budget by fund requires City Council approval.
- 16.3 The City Manager is authorized to adjust revenues for renewals and augmentations of fully offset grants.

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SECTION 17. MISCELLANEOUS CONSIDERATIONS

17.1 In all staff reports that come before the City Council, the bottom line impacts on all funds will be stated clearly and concisely including indirect impacts so that Council Members have a full understanding of the financial consideration impacts of the decisions.

MAYOR

ATTEST:

CITY CLERK

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Summary of Changes to the FY2003/04 Proposed Budget

Program	Description	FTE	Revenue Change	Expenditure Change
Operating Budget Changes Approved By Intent During Budget Hearings				
Non Department	Reduce reserves to provide funding for campaign financing for the 2004 City Council races, as approved on June 5, 2003 subject to reporting back on program implementation	0.0	\$0	\$300,000
Fire	Adjust Fire – ALS budget to reflect City Council action on May 29, 2003 Operating CIP Station Computer Upgrade	1.0	\$1,202,000	\$1,000,000 \$750,000
Parks and Recreation	Adjust positions and reallocate existing funding to create a fiscal unit for the department and to increase park maintenance positions as approved on May 29, 2003.	2.5	\$0	\$53,500
Parks and Recreation and Neighborhood Services	Move the START program from the Parks and Recreation Department to the Neighborhood Services Department to align budget and program operation (no net budget or FTE change), as discussed on May 29, 2003.	0.0	\$0	\$0

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Program	Description	FTE	Revenue Change	Expenditure Change
Planning and Building	Adjust Planning and Building Department Budget to reflect additional revenues, expenses and FTE approved by Council on April 29, 2003 and June 10, 2003. Planning fee implementation is subject to a report back within 60 days.	18.0	\$287,627	\$1,163,206
Public Works	Adjust Animal Care budget authority as directed by City Council on June 10, 2003 and portion of fee increase to cover new costs	0.0	\$84,256	\$84,256
Public Works	One-year rate increase approved by City Council on 6/3/03 (not the two-year rate increase proposed). Report back on a voluntary program for containerization of green waste requested by City Council.	0.0	\$0	\$0
	TOTAL ADJUSTMENTS	21.5	\$1,573,883	\$3,350,962
	Expenditure offsets - Operating Grants, Fees and ALS reserve	21.5	n/a	(\$1,477,079)
	General Fund	0.0	\$1,573,883	\$1,873,883

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New General Fund Revenues Approved by City Council During Budget Hearings

Public Works	Adjust on-street parking fee revenues for fees approved by City Council on June 10, 2003		\$260,000	n/a
Public Works	Adjust parking penalty revenues as approved by City Council on June 10, 2003		\$885,000	n/a
Public Works	Animal Care revenues approved by Council June 10, 2003 above new program costs		\$206,186	n/a
Parks and Recreation	Adjust revenues for increased fees for special event applications, neighborhood and community park reservations and Adult sports field use as approved by City Council on June 10, 2003. Proposed increases in swim admission fees were NOT approved.		\$67,500	n/a
Convention Culture & Leisure	Adjust fee for Old Sacramento Visitor Boat Dock use approved on June 10, 2003.		\$15,000	n/a
Neighborhood Services	Adjust revenues for increased code enforcement fees approved by City Council on June 10, 2003		\$60,000	n/a
	TOTAL SPECIFIC REVENUES		\$1,493,686	n/a

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DATE ADOPTED: _____

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