



udget Development Strategy
Workshop

Tuesday, March 11, 2008
2:00 p.m.—4:30 p.m.

Oak ark Community Center
3425 Martin Luther King Jr. Blvd

City of Sacramento

**SACRAMENTO CITY COUNCIL
BUDGET DEVELOPMENT STRATEGY WORKSHOP**

March 11, 2008

**Oak Park Community Center
3425 Martin Luther King, Jr. Boulevard**

Sacramento, CA

2:00 p.m. - 4:00 p.m.

Agenda

Welcome

Public Comment

What We Know

Strategies

Roadmap to a Balanced Budget

Wrap/Next Steps

Adjourn

What We Know



MEETING OBJECTIVES

- ✓ Review Background and Strategies
- ✓ Feedback on Strategies
- ✓ Overview Reductions in Key Departments

January



December



February / March



October / November



April



August / September



May/June



July 1st



COUNCIL ADOPTED BUDGET OBJECTIVES AND PRINCIPLES

Budget Objectives

- Develop a fiscally sustainable spending plan by July 1st
- Align the City Council's strategic plan with the budget
- Provide funding to deliver services and infrastructure to the community
- Communicate Council's vision to the community

Budget Principles

- Maintain a fiscally sustainable, balanced budget
- Use core-time resources strategically
- Identify return on investment and impacts; fiscal and social benefits
- Maintain a reserve for economic uncertainties
- Keep the City Council informed on the fiscal condition of the City
- Focus on incremental changes to sustain and spending
- Identify resources for top priorities and initiatives
- Continuous evaluation for efficiency and effectiveness

FY09 BUDGET DEVELOPMENT GUIDELINES

- Preserve the delivery of City services to residents and businesses to the extent possible
- Use a mix of revenues, new revenues and citywide departmental reductions consistent with a sustainable budget approach
- Evaluate new ways to do business, including organizational efficiencies
- Preserve, raise, and enhance existing revenue sources, where appropriate, to recover costs of programs and services
- Preserve employment for career employees
- Engage the public, unions, City staff and City Partners on an ongoing basis



Budget Advisory Committee (BAC)

In December 2007, the City Manager directed staff to identify options and alternatives to address the City's budget deficit. This working group comprised of the Directors of Finance, General Services, Governmental Affairs, Parks and Recreation, Transportation, the Chiefs of Police and Fire, the City Attorney and Assistant City Manager Hammen met regularly to develop alternatives for consideration. Through these efforts, the City Manager has identified both short, mid and long term strategies that could be implemented in efforts to reduce the budget deficit. Short, mid and long term categorization was based on the consideration of the complexity or time necessary to implement and the savings generated. Following is a summary of the strategies identified by the BAC:

Short Term

1. Update Fees and Charges
2. Functional Consolidations for Efficiencies
3. No SOL/Reduce for Asset Management
4. Revenue Opportunities (TDM, Parking)
5. GPS on City Fleet
6. Voluntary Separation Program

Mid Term

1. Review Vehicle Standards and Fleet Policy
2. Defer Replacement Vehicles
3. Common/Pooling Parolough
4. Represented Cost Deferral
5. Evaluate Internal Registration (Commercial)

Long Term

1. Interagency Reorganization
2. Parking Revenue Opportunities
3. GPS Operations and Maintenance Savings
4. Privatization of some services and operations
5. Vehicle Take Home Policy

STRUCTURAL DEFICIT

Revenues	\$400.0 m
Expenditures	(458.0) m
Structural Deficit	<u>\$(58.0) m</u>

VACANCY STATUS

Current General Fund Vacancies	200
Transfer to Enterprise Funds	0
Voluntary Separation Program	<u>100,200</u>
Estimated by June 30th	350,450

St. te: es



STRATEGIES

FISCAL

- Selective Hiring Freeze
- Voluntary Separation Plan
- Revenues
- Use of Reserves

OPERATIONAL

- Develop 10%-20% Reduction Scenarios
- Review Operational Impacts
- Implement Efficiencies
- Minimize Public Impact
- Minimize Levels
- Replenish Reserves

RESERVE BALANCE

Economic Uncertainty Reserve	\$30.0 m
FY2007/08 Budget	(4.5) m
Set Aside for Negotiations	(4.5) m
Voluntary Separation Program	(7.0) m
Available Reserves	\$14 m

Roa•ma• to a Balance• Budge



FY2009/10 ROADMAP

Structural Deficit	\$58.0 m
Revenues	(4.0) m
Subtotal	54.0 m
Reductions	<u>(44.0) m</u>
Reserves	\$10 m

- ✓ The gap between revenues and expenditures is a structural, permanent problem requiring permanent reductions
- ✓ Departments have identified 10%-20% Reduction Scenarios
 - Under this scenario, department reductions are approximately 10% across the board
 - To the extent that any department does not meet this target, other departments will have to take additional reductions, or additional reserves will have to be used
- ✓ Do not recommend using the entire reserve in FY2009/10
 - Use of one-time fund pushes reductions to FY2009/10
 - Given the status of the local and national economy, FY2009/10 remains uncertain
- ✓ Strategic use of vacancies, reductions and reserves
- ✓ Discuss impacts in May and June budget hearings

Reduction Impact

Department	10%	10% FTE	20%	20% FTE
Mayor/Council/Charter Offices	1,478,219	12	2,956,437	14
Support Departments	2,345,700	8	6,691,400	33
Code Enforcement	621,900	6.00	1,243,800	12.00
Convention, Culture & Leisure	427,500	2.00	855,000	10.00
Development Services	12,100	5.00	824,200	9.00
Economic Development	61,900	1.00	309,500	2.00
Fire	1,800	55.00	7,000	100.00
Library	418,100	1.00	836,200	14.00
Neighborhood Services	150,000	1.00	300,000	2.00
Parks & Recreation	2,721,500	16.52	5,443,000	49.16
Planning Department	504,300	1.00	605,100	1.00
Police	12,000,000	135 - 100	25,000,000	245 - 195
Utilities	0	-	0	-

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City Attorney

FY2007/08 General Fund FTE	58.00
FY2007/08 General Fund Budget	\$7,530,000
Less Reimbursements	(\$2,134,000)
Less Revenues	(\$10,000)
FY2007/08 Net General Fund Budget	\$5,395,000
2% Reduction Target	\$1,799,000

FY 2008 2% Budget Reduction Summary

Labor	Service and Supplies	Revenues	Offset Increase	Total Savings	FTE
\$1,600	\$20,000	\$0	\$50,000	\$1,799,000	5.00

Program/Department Summary

Five positions, including one attorney position will be unfunded. CIP monies to be spent on CAO improvements including law library; compact file storage and additional attorney offices will be transferred to the general fund and construction of these improvements deferred.

Litigation Section – May necessitate sending litigation cases to outside counsel depending on number of new litigation cases brought against the City.

Transparency/Attorney Section – Savings realized from additional savings time is anticipated.

Law Library, File Storage, Attorney Offices – Transfer of CIP monies refers construction of law library, compact file storage and additional attorney offices that were not completed previously by the City.

City Clerk

FY2007/08 General Fund FTE	13.00
FY2007/08 General Fund Budget	\$1,670,000
Less Reimbursements	(171,000)
Less Revenues	(\$107,000)
FY2007/08 Net General Fund Budget	\$1,391,000
20% Reduction Target	\$200,000

FY2008/09 20% Budget Reduction Summary

Libor	Service and Supplies	Revenues	Offset Increase	Total Savings	FTE
\$114,100	\$0	\$0	\$0	114,100	1.00

Programmatic Impact Summary:

Reduction of 1.00 FTE and Voluntary Work Furlough

- Negative impacts of up to 15-21 days delay in service delivery to process and distribute agreements, contracts, resolutions, ordinances and requests for information. Loss of approximately 1.00 FTE and 100% available time due to work furlough will affect service delivery in all areas.

City Manager

FY2007/08 General Fund FTE	24.00
FY2007/08 General Fund Budget	\$1,333,000
Less Reimbursements	(915,000)
Less Revenues	(0)
FY2007/08 Net General Fund Budget	\$3,18,000
80% Reduction Target	\$63,600

FY2008-09 Budget Reduction Summary

Labor	Service and Supplies	Revenues	Offset Increase	Total Savings	FTE
\$26,442	\$17,000	\$0	\$218,962	\$637,404	3.00

Programs to be impacted:

Reduction in staff in the Office of Public Safety Accountability (OPSA), City Attorney's Legislative Affairs and support staff which will reduce service level, increase response times and result in program scope being reduced.

- OPSA – reduction in outreach efforts and future development of program
- City Auditor – delay in implementation of audit work plans and internal audit activities
- Legislative Affairs – reduced ability to monitor and respond to legislative issues and reduction in city advocacy at the federal level

City Treasurer

FY2007/08 General Fund FTE	18.00
FY2007/08 General Fund Budget	\$2,307,000
Less Reimbursements	(236,000)
Less Revenues	(825,000)
FY2007/08 Net General Fund Budget	(754,000)
20% Reduction Target	0

FY2009/10 20% Budget Reduction Summary

Labor	Service and Supplies	Revenues	Offset Increase	Total Savings	FTE
\$416,637	\$0	\$0	\$0	\$416,637	4.0

Programmatic Impact Summaries:

Investment Management

- Decrease in superior investment performance and fee recovery loss of revenue estimated at \$700,000
- Loss of equity expertise would require outside money manager at increased cost to retirement of \$1,000,000
- Decrease in pension and financing costs would be offset by increasing subsidy by City to SCERS \$3.2 million program annually

Debt Mt.

- Reduced level of debt issuance management
- Potential risk tax-exempt status or payment of penalties on debt
- Decrease in investor confidence
- Increase in future borrowing costs

Cash Mt.

- Lower level of available cash management
- Loss of superior investment performance

Banking Svcs.

- Decrease in customer service and program management
- Increased potential for fraud risk
- Potential higher fees and costs
- Potential misuse of City funds

Administrative Svs.

- Delay in customer service e.g. phones, mail
- Delay in processing of accounts payable and associated reporting, increase costs due to delinquency or late fees
- Inefficiencies in core services through “pickle up” of routine administrative functions

Code Enforcement

FY2007/08 General Fund FTE	92.00
FY2007/08 General Fund Budget	\$9,753,000
Less Reimbursements	(6,438,500)
Less Revenues	(3,056,000)
FY2007/08 Net General Fund Budget	\$6,219,000
20% Reduction Target	\$4,975,200

FY2008/09 Program Reduction Summary

Labor	Service and Supplies	Revenues	Offset Increase	Total Savings	FTE
\$1,023	\$158,000	\$111,000		\$1,244,000	12.00

Programmatic Impact Summaries:

Code Compliance Reduction

- Reduction of 5.0 FTE will result in an increased workload and increased time for case processing.
- Impact to the community will include longer wait time for response to calls and complaints. Cases will take longer to resolve and backlog will increase. Nuisance properties will take longer to clean up and abandoned vehicles will remain for longer periods of time.

Business Compliance Reduction

- Reduction of 3.0 FTE will eliminate proactive enforcement for business activities including sanitation, business, electrical, billboards, and illegal outdoor vending.
- Response to these business activities will be on a complaint basis. Staff support for accounting, business compliance hearings, procurement and other administrative functions will be shared among other administrative personnel. As a result, administrative functions may experience delays and backlog.

Housing and Dangerous Buildings Reduction

- Reduction of 4.0 FTE will result in an increased workload and increase time for case processing.
- Impact to the community will include longer wait time for response to calls and complaints. Cases will take longer to resolve and backlog will increase. Nuisance properties will take longer to remove and substandard properties will remain in disrepair for longer periods.

Vacant Building Program (New Revenue)

- The increasing volume of vacant building cases has resulted in a significant impact on workload to perform inspections, impose monitoring and response fees as well as administrative penalties for those properties that are not in compliance with the city code.
- Market conditions have resulted in a significant number of bank-owned or foreclosed properties that have become vacant and become a public nuisance. These properties are monitored to prevent properties from becoming a threat to public health, safety and welfare.
- Under the vacant building ordinance, code enforcement will impose fines and penalties for non-compliance. In addition to the number of inspections, the volume of invoicing, appeals, liens, and hearings will increase until the market conditions change.

Evaluation of Fire Securement Processes

- Code Enforcement has transferred responsibility back to the Fire Department for securing fire damaged structures. With the Fire Department resuming this responsibility and utilizing the established contractor list, Code Enforcement is no longer involved with routine or significant expenses related to fire damaged structures.

Convention, Culture and Leisure

FY2007/08 General Fund FTE	110.62
FY2007/08 General Fund Budget	\$10,416,000
Less Reimbursements	(\$4,156,000)
Less Revenues	(\$1,985,000)
FY2007/08 Net General Fund Budget	\$4,275,000
20% Reduction Target	\$3,420,000

FY2008/09 20% Budget Reduction Summary

	Service	Supplies	Expenses	Interest	Total Savings	FTE
\$44,914	\$370,001	\$1,000	\$	\$202,595	10.1	

Programmatic Impact Summary:

Archives

- Realign staffing classifications appropriate to organizational requirements
- County support also likely to be reduced

Archeology

- Reduction in maintenance of grounds and repair of gravesites and monuments
- Supplies reductions will significantly impact maintenance efforts of Stanislaus Work Group that annually provides over 12,000 hours of free labor

Clock Tower Museum

- Elimination of Free County bus transportation, bus tour programs, exhibits and in-house programs for families and visitors with special needs
- Decrease in attendance and memberships resulting in loss of non-profit revenues
- 1985 Gift Deed with the Crocker family requires the City to maintain the Museum

Discovery Museum

- Significantly reduced educational and outreach programs at the History Center in Old Sacramento and Science Center on Auburn Boulevard
- Decrease in attendance and memberships resulting in loss of non-profit revenues
- County support also likely to be reduced

Fairytale Town

- Reduce funding for up to four special events

Metropolitan Arts Commission

- Reduce administrative and technical support for re-creating and arts education programs
- County support also likely to be reduced

Old Sacramento

- Reduced maintenance of Old Sacramento public areas by 30 percent
- Loss of visitors and their economic impact to Sacramento's premier tourist destination.

Zoo

- Reduce zookeeper staff and resign job assignments will result in fewer people caring for the animals.
- Decrease in attendance and memberships resulting in loss of non-profit revenues

Development Services

FY2007/08 General Fund FTE	246.50
FY2007/08 General Fund Budget	\$26,993,000
Less Reimbursements	(\$4,642,000)
Less Revenues	(\$18,170,000)
FY2007/08 Net General Fund Budget	\$4,121,000
20% Reduction Target	\$824,200

FY2008/09 10% Budget Reduction Summary

Labor	Service and Supplies	Materials	Offset Income	Total Savings	FTE
\$22,028	\$0	\$0	\$0	\$22,028	9.00

Programmatic Impact Summaries:

Plan Review Services (Building Division)

- Residential review increase in length of review time from 14 days to 19 days
- Commercial review increase in length of review time from 20 to 25

GIS Support Services (Administration Division)

- GIS Address Parcel Owner (APO) updates decrease of work by 20%
- Business directory maintenance reduction of work by 50%
- PD Planning studies eliminated

Administrative Services Group (Administration Division)

- Boards & Commissions support services decrease of work by 25%

Economic Development

FY2007/08 General Fund FTE	27.00
FY2007/08 General Fund Budget	\$5,510,000
Less Reimbursements	(\$52,000)
Less Revenues	(\$3,839,000)
FY2007/08 Net General Fund Budget	\$1,619,000
20% Reduction Target	\$1,305,200

FY2009/10 20% Budget Reduction Summary

Labor	Service and Supplies	Revenues	Offset	Total Savings	FTE
236.32	\$7,478	\$0	\$0	\$669,000	2

Programmatic Impact Summary:

The department will determine two Senior Project Manager positions and use a portion of its core general fund budget to accomplish this type of position by purchasing staff.

Economic Development - Citywide

- Citywide:
 - Street and Power in Opportunity Area
 - Cal Expo at West Opportunity Area
 - Karey Blvd Industrial Project Area
- Departmental/external levels of partnership with non-profit regional partners that provide business retention and attraction.

Finance

FY200708 General Fund FTE	104.50
FY200708 General Fund Budget	\$8,458,000
Less Reimbursements	(\$1,982,000)
Less Revenues	(\$468,000)
FY200708 Net General Fund Budget	\$6,998,000
20% Reduction Target	\$5,197,600

FY200809 20% Budget Reduction Summary

Labor	Service and Supplies	Revenues	Offset Income	Total Savings	FTE
\$201,000	\$6,776	\$70,000	\$	\$1,197,776	6.00
Revenue Alternation of % Budget Reduction Summary					
\$200,000	\$48,776	\$711,000		\$1,347,776	3.00

Program Impact Summaries:

Revenue

- Eliminate \$100,000 ongoing funding for consultants for various collections system development/replacement.
- Delay replacement of Cashier, Business Operations Tax, Rental Tax, Transfer Tax, Weed Abatement and Utility Users Tax Repeal systems which are critical in generating revenue for the City. Funding will need to be identified from other sources.
- Utilize 2nd party collection agency to assist on delinquent parking citations.
- Collection agency experience on old tickets is 10% return on \$10,000,000 of stale tickets however this could result in staff receiving a 20% increase on parking citation customer inquiries due to increased collection attempts.
- Reduce Revenue Division staff to focus on increasing delinquent collections.
- Reassignment of key management staff may negatively impact collection of business permits, including but not limited to: Temporary, Mobile Food Vendors, Massage and entertainment establishments.
- 1.0 FTE Customer Service Specialist and 2.0 Customer Service Representatives in Revenue are vacant and will be frozen.
- Increase in customer wait times will increase from approximately 2 - 10 minutes to 15 - 45 minutes.

Accounting

- Eliminate 2.0 FTE Senior Accountant/Auditor, 1.0 FTE Account Clerk II, and 1.0 FTE Payroll Clerk
- Increased processing time for payments to vendors for goods and services and to employees for travel and other reimbursements by several days.
- Increased time for accounting journal processing including, but not limited to: posting of journals and updating budgetary reports.
- Annual financial reporting may be delayed, causing a reportable event for continuing disclosure to investors if Comprehensive Annual Financial Report (CAFR) is not filed timely, and fines from the State Controllers Office if annual reports are not filed timely.
- Increases response time to address and correct payroll errors and to issue adjusted/retroactive payments by days or weeks.
- Increased risk of fraud as oversight of financial transactions is reduced and increased risk of audit findings. Audit findings and delayed financial reporting could affect the City's ability to obtain grant funding or to issue bonds in the future.

Administration/Budget Office

- Eliminate 1.0 FTE Special Project Manager and 1.0 FTE Administrative Technicians which support Administration and Budget Office functions.
- Decrease change management support for electronic Citywide Accounting and Payroll System (eCARS).
- Impacts support of Citywide administrative and special projects issues including but not limited to: processing payments for County property tax and City property business improvement districts (PBID) and revising Citywide Administrative Policy Manual (APM).

Revenue Collection Fees Alternative

- * Reasonable and threatened with layoff due to reductions described above to revenue collection and enforcement programs.
- Up to 10% in additional revenue and millage rate revenue could be collected, primarily for the Transportation, Development Services, and Code Enforcement Departments.
- Finance Department would recover costs of collecting the revenue and pass the balance to the departments.
- Reductions in the most critical areas of Payroll and Accounts Payable would be avoided. Even with the ongoing reductions in staff and spending, the real workload of Payroll and Accounts Payable will not change.

Fire

FY2007/08 General Fund FTE	651.00
FY2007/08 General Fund Budget	\$92,525,000
Less Reimbursements	(\$793,000)
Less Revenues	(\$18,844,000)
FY2007/08 Net General Fund Budget	\$72,888,000
25% Reduction Target	\$54,666,000

FY2008/09 25% Budget Reduction Contingency

Salaries	Service and Supplies	Revenues	Offset Increase	Total Budget	FTE
\$11,500,200	\$0	\$0	\$0	\$11,500,200	10-125

Programmatic Impact Summary:

Brown out 9 fire companies on a rolling basis each day. Every fire station, crew and neighborhood will participate on an equally shared basis.

Rolling Daily Brown Out of 9 Fire Companies

- 110-125 personnel will be laid off (including reduction in rank of 27 Captains & at least 27 Apparatus Operators)
- Major Fire Company will be closed approximately twice a week.
- Average response time will be over 7 minutes at existing Fire Company, an increase from the current average of 5 minutes.
- If incident requires a 2nd Fire Company, average response time for additional unit will be over 9 minutes, an increase from the current average of 7 minutes.
- Probable significant increase in property damage and casualty losses.

General Services

FY2007/08 General Fund FTE	206.50
FY2007/08 General Fund Budget	\$24,404,000
Less Reimbursements	(\$9,090,000)
Less Revenues	(\$975,000)
FY2007/08 Net General Fund Budget	\$14,339,000
20% Reduction Target	\$11,471,200

FY2008/09 20% Budget Reduction Summary

Labor	Supplies	Revenues	Offset Increase	Total Savings	FTE
\$1,113,908	\$941,918	\$533,000	\$236,975	\$2,807,801	100

Programmatic Impact Summaries:

311 Call Center

- Insufficient supervisory staffing. All supervision to be provided by the 311 Call Center Manager, thereby reducing the time available for quality control and program enhancements.

Animal Care

- Reduced ability to care for animals and provide customer service at the Shelter.
- Increased response time to animal control calls including calls for animal and people health and safety.
- Potential adverse impact on the ability to collect animal licenses and fees to fund.

Facilities & Real Property Management

- Reduced levels of security, janitorial, and window wash services at City facilities.
- Mandatory thermostat adjustment in City buildings (two degrees hotter in summer, two degrees colder in winter).
- Reduced level of graffiti abatement (services level to be reduced at the budgeted reimbursement level).
- City facilities to be maintained in order of: 1) life safety/security, 2) structural/building integrity, 3) emergencies. Occupant comfort and/or cosmetic conditions will not be performed.
- Potential for delayed delivery of capital projects (from property acquisition/property management to contract processing and procurement support to construction management).
- Reduced capacity for facility maintenance, particularly impacting roof maintenance, thereby increasing the potential for higher repair costs and/or for long-term maintenance.

Administrative

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- Reduced ability to manage and implement technology improvements benefiting the department and City.
- Reduced level of Central Services mailing and printing support.
- Reduced ability to continue department organizational improvements, C2C = WOW! initiatives, etc.
- Reduced capacity to provide procurement support on a city-wide basis.

Human Resources

FY2007/08 General Fund FTE	26.00
FY2007/08 General Fund Budget	\$4,565,000
Less Reimbursements	(\$1,191,000)
Less Revenues	(\$154,000)
FY2007/08 Net General Fund Budget	\$3,220,000
20% Reduction Target	\$644,000

FY2008/09 20% Budget Reduction Summary

Position	Service and	Revenues	Cost	Total	FTE
	Cost		Increase	Savings	
\$64,000	\$ 301,006	\$ 0	\$ 0	\$ 644,000	4.00

Programmatic Impact Summary

Labor

- Employment and Classification - Elimination of Personnel Technician position-**
 The elimination of this position will result in a 10% increase in the level of service the department can provide. The loss will severely impede and impact our ability to assist the current city employees being laid-off. We will have fewer resources to help these city employees make the successful transition to other city departments, especially in the current labor market. For the departments that are needed approval to fill their vacancies, this will hinder our ability to recruit, test, certify and hire employees with any kind of efficiency or expedience. This position is critical to the overall function of HR.
- Employment and Classification - Elimination of Staff Assistant position-** Will cause a slow down in processing for the Division. Customer service will be severely impacted. Ability to respond to departmental employment applicants, including hiring, testing and placement requests.
- Inclusion Council - Elimination of Organizational Development Specialist -**
 Responsible for coordinating the Inclusion Council, education in Inclusion training to city employees.
- Elimination of Training Specialist position -** Position is assigned to eCOMP Computer Center. Training and development programs including training and outreach will be affected.

Supplies and Services

- Reduction of Recruitment Expenses in Employment and Classification will result in limiting participation in diversity recruitment and job fairs and limit resources overall to city departments.
- Various reductions to object codes in the HR department will result in HR's inability to provide services at a level that has become expected.
- City University: A reduction in City University courses provided to city employees, reduction in course material.
- Computer Hardware/ Software/ Consultant and food eliminated for City University. Will preclude HR's ability to replace or upgrade existing computers in the City University. Will result in longer waiting list for training.
- C2C Conference: Elimination of the C2C conference, will slow the momentum of integrating C2C throughout the City's culture.
- City Management Institute: Reduction in specialized instructors for the City Management Institute, will impact the City's Succession Planning preparedness strategies.
- External Management Meetings: Significant reduction in guest speakers for the External Management Meetings, will impact the richness of this program at these meetings.
- Wellness Expo: Reduction in services provided at the Wellness Expo, will affect employees morale and health in these difficult times.

Information Technology

FY2007/08 General Fund FTE	73.00
FY2007/08 General Fund Budget	\$12,060,000
Less Reimbursements	(\$2,597)
Less Revenues	(\$0)
FY2007/08 Net General Fund Budget	\$9,063,000
20% Reduction Target	\$1,812,000

20% Budget Reduction Summary

Labor	Service and Supplies	Reimbursements	Offset	Total Savings	FTE
\$7,707,000	\$1,044,000	\$0	\$0	\$1,812,000	0

Programmatic Impact Summaries:

Mainframe Support Costs

- No impact if the decommissioning of the mainframe happens within this FY 2008/9. Systems remaining in the mainframe require the collection of \$22 million in annual revenue. If this revenue is not decommissioned, the savings will not be realized as all associated mainframe software licenses will continue to be purchased. The only exception of MS mainframe software that supports City financial payroll system (SIT 10-27).

Telephone Support Budgets

- The loss of support will impact City telephone communication billing and departmental chargeback functions, and workgroup meeting.

Website Support

- Website support such as website pages, content management, content changes would be reduced from 6 users to 2. This would result in less frequent updates, limited upgrades and redesign and no added functionality. Customer service and subsequently overall City staff productivity would be impacted by this reduction.

Telecommunication Systems

- Phone Services - Legacy Phone Services (Centrex / ISDN / Measured Business Lines) will need to be supported directly by the departments using the services. This will impact Police & Fire as they are the largest remaining users of legacy phone services in the city.
- Cellular phone billing and support will be done by dept. cellular lines no longer supported by IT.

New Data Tape Backup Solution

- Current Data Tape Backup solution (Arcserve) is not right for the City's needs. There are many errors that cause failures in backing up data and extended time for resources to troubleshoot. A new solution is needed, but will not be put in for now. The City will live with the current backup solution and its associated problems which may result in the loss of data if a recovery is needed.

Server Hardware Replacement

- Server Life Cycle and warranty is normally 3 years and hardware is normally replaced to assure reliability. Servers have physical running parts that through best practice and experience, the City knows they have a degradation rate that is not for failure affecting continuity for 3 years or more. By extending server warranty an additional year, failed parts can be replaced overnight with hopefully minimal downtime.

IT Department Reorganization

- The proposed consolidation of the IT Department into the Department of General Services is related to another proposed recommendation that would establish the Citywide Systems Competency Center. The three divisions in the IT Department would be merged into the Department of General Services and the Information Operations Division would be eliminated.

Programic Information Systems (PIS) Services

- The loss of PIS services would eliminate certain PIS services, ad-hoc programming and development to staff and the public, production of PIS custom hardware manuals and simple data analysis. Production of these manuals has saved the City a considerable amount of money in past years. This service would no longer be provided.

Labor Relations

FY2007/08 General Fund FTE	9.00
FY2007/08 General Fund Budget	\$1,207,000
Less Reimbursements	(\$205,000)
Less Revenues	(\$65,000)
FY2007/08 Net General Fund Budget	\$937,000
20% Reduction Target	\$749,600

FY2008/09 10% Budget Reduction Summary

Labor	Service and Supplies	Revenues	Offset Increase	Total Savings	FTE
\$17,785	\$175	\$45,000	\$0	\$15,000	0.00

Programmatic Impact Summary:

Negotiations

- Reduce/delay staffing for current fire negotiations
- Reduce/delay staffing and support for 2010 negotiations with all unions

Discipline

- Reduce/delay available investigations staff for current/severity investigations
- Reduce/delay response time for advising, assisting and processing discipline
- Reduce/delay response time for advising, assisting and processing appeals

Grievances

- Reduce/delay response time for advising, assisting and processing grievances
- Increase use of City Attorney to process grievances to arbitration

Contract Review and Enforcement

- Reduce/delay response time for advising, assisting and processing contract issues
- Reduce/delay response time for advising, assisting and processing grievances

Health Committee

- Reduce/delay response time for health Law committee

Layoffs

- Reduce/delay staff time for managing staff reductions/layoffs

Library

FY2007/08 General Fund FTE	0.00
FY2007/08 General Fund Budget	\$1,100,100
Less Reimbursements	(\$)
Less Revenues	(\$)
FY2007/08 Net General Fund Budget	\$1,100,100
20% Reduction Target	\$880,280

FY2008/09 20% Budget Reduction Summary

Labor	Service and Supplies	Revenues	Offset Increase	Total Savings	FTE
\$941,500	500,000		\$	1,441,500	1.00

Program Impact Summary:

FY 08/09 Library Budget Deficit - City Fund

- Reduction in Revenues - City: \$656,200, State and other funding: \$100,000
- Increase in Expenses - Labor cost increase - \$62,000
- Total Budget deficit - \$818,200

Branch Hour Reductions - 7 Branches cut hours from 42 hours of library service to 35 hours of day service. (18.6% reduction)

- Reduction of 50%, to teen, children's and adult programs
- Closures of the service desk
- Larger queue for service
- Librarians, librarians assistants, eliminated - staffed by an aver. of 23.000.
- Reduction of 10.5 FTE

Central Library Reduced Services

- Stop phone information - fewer calls answered
- Service desk closures
- Slow limited custodial services
- Reduction of 3.5 FTE

Reduced Library-Wide Technology Support

- Elimination of new technology program implementation
- Reduction of 1.0 FTE Emerging Technology Specialist

Administrative Support Reductions

- **Training** - Reduction of comprehensive system-wide training and career development, elimination of 1 FTE Training Supervisor
- **Safety** - Elimination of safety security inspections training oversight, increased potential liability is, elimination of 1 FTE Safety Coordinator:
- **Finance** - Reduction in support for financial operations, elimination of 1 FTE Budget Analyst.
- **IT** - Reduction in support for maintenance or mission critical software: elimination of 1 FTE Database Administrator. |

Mayor & City Council

FY2007/08 General Fund FTE	29.00
FY2007/08 General Fund Budget	\$3,465,000
Less Reimbursements	(\$637,000)
Less Revenues	(\$40,000)
FY2007/08 Net General Fund Budget	\$2,791,000
20% Reduction Target	\$2,232,800

FY2008/09 20% Budget Reduction Summary

Category	Service and Supplies	Revenues	Net Increase	Total Savings	FTE
Labor	\$141,100		\$0	\$394,000	0.00

Programmatic Impact Summary:

Mayor's Office

- Holding this position vacant may reduce the amount of community outreach events and meetings previously handled by this position. There will also be less resources available to support the Mayor's Office.

Operational Budget Reductions in Support of Mayor/Council Office

- These are a variety of cuts that would reduce expenses for official hospital community events and foreign delegations as well as a reduction of travel, mailings and printing by Council Members and Mayor.

Additional Revenue

- The budget incorrectly reflected lower estimated revenues (reimbursements) than what is actually received annually from various boards and committees for meetings attended by various Council Members and the Mayor. This adjusts the revenue to the correct figure.

Discretionary Funds

- The Mayor and individual Council members will have \$10,000 less in discretionary funds that are mainly used for community projects, events and sponsorships. This reduction would allow for fewer and less types of projects and events being funded by the City Council and Mayor.

Neighborhood Services

FY2007/08 General Fund FTE	15.00
FY2007/08 General Fund Budget	\$1,502,000
Less Reimbursements	(\$0)
Less Revenues	(\$0)
FY2007/08 Net General Fund Budget	\$1,502,000
20% Reduction Target	\$901,400

FY2008 20% Budget Reduction Summary

Program	Service and Activities	Programs	Offset Increase	Total Savings	FTE
501,000	11/08	0	\$0	900,000	2.00

Programmatic Impact Summary:

Leaving unstaffed secretary position vacant

- Minimal: Staff continues to ensure high-quality customer experience with one secretary instead of two through the use of student interns and by sharing responsibilities.

Expanding FY09 20% budget remainder

- Minimal: Business as usual.

Changing FTEs to cell phones

- Minimal: Staff will be responsible for installing at the office. Their contacts will be informed of this change as the season for it.

Limiting computer consultants

- Minimally moderate: NOD staff will handle computer-related issues, such as updating and maintaining our contact database that we provide facility staff on the internet.

Reducing expenditures on food

- NOD staff will work with groups to inform them of this change and will seek creative ways of providing food and drinks at community events.

Miscellaneous reductions

- Moderate, as NOD will seek additional opportunities for savings.

Reducing spending on services

- NSD will work with groups that have previously provided these services to inform them of the City's budget situation and to find alternative ways of supporting programs.

Vacate Program Specialist position

- Moderate. While NSD will make every effort to continue providing high-quality customer services and in initiating and maintaining programs, reducing staff will make it more challenging.

40% analysis Parlouch

- NSD will focus on essential programs and ensure continued high-quality customer service to our customers. Including the Advisory Council, community groups, businesses, and individual members of the public.

Parks and Recreation

FY2007/08 General Fund FTE	51.46
FY2007/08 General Fund Budget	\$37,810,000
Less Reimbursements	(\$9,193,000)
Less Revenues	(\$872,000)
FY2007/08 Net General Fund Budget	\$27,745,000
2% Reduction Target	\$5,549,000

FY2007/08 Budget Reduction Summary

Labor	Service and Supplies	Revenues	Offset Increase	Total Savings	FTE
	\$1,119,000	\$220,750	\$481,900	\$5,549,000	15.16

Programmatic Summary:

Park Operations

- Impacts to turf and sports fields including lengthening mowing cycles, reducing weed abatement, watering schedule; small reduction in garbage pick up and restroom cleaning schedule, and sports field maintenance reduced (unless through volunteer effort)
- Additional annual reductions necessary due to rising water and energy costs
- Reduce general repair and rehabilitation including irrigation systems, benches, park furnishings
- Cancel contract with Sacramento Local Conservation Corps for Sacramento to Northern Bluff Maintenance; absorb with city staff and reduce service level
- Reduce contract with Sacramento County Sheriff for overnight of city personnel for community service work in parks and open spaces by 50%; such services will therefore be reduced
- Eliminate supply of cigarette bags (except maintenance and request city cigarette bag)
- Eliminate park pond algae treatments

Park Planning and Development

- Planning and way to extend development of new parks into Fiscal Year 2010 instead of Fiscal Year 2009.
- Reduced Advance Park, Trail and Open Space Planning services.
- Where appropriate transfer additional non-cost from General Fund operating budget to Park Capital Improvement Projects. Small impact on day-to-day projects.

Youth Services

- Establish a citywide fee use for youth sports at a minimum of \$100 per hour
- To the degree possible, shift additional core programming from field houses
- Reduce oversight of School Crossing Guard program. Discuss transfer of program to school districts where possible.
- Increases for core sports, enrichment and other programs – General Fund will continue to provide some subsidy
- Eliminate all five free youth summer camps for 65 youth at River Court, American River Village, Central Park, Dos Flores and McKinstry Park; locals will be made to other programs
- Eliminate staff support for teen programs at Evelyn Moore, Robertson, Oak Park, Powell, Sun and Miss Hagganood Centers

- Reduce transportation services by eliminating all three City-owned buses; staff will rent vehicles as budget allows
- Eliminate sport programs at Martin Luther King, Jr., Belyea, and Rio Tinto Middle Schools (six sites remain) and apply for State funding to reinstate
- Eliminate middle school aged sports program support to Community Centers
- Reduce support to after school programs at high schools including instructors and supplies

Elder Adults

- Close Elder Craft Store in Old Sacramento (offer services to other consignment opportunities)
- Close Harbor Center two or more evenings each week; reduce custodial and program
- Eliminate core ceramic classes for seniors at Pannell, Robertson and Johnson Centers; South Natomas Center already closed; new ceramics fee for service class to be established
- Eliminate 60+ wellness printed newsletter

Community Centers

- Increase the admission swim fee, swim teams and swim lessons
- Eliminate "Cool in the Pool" after hours program for days over 100 degrees; reduce swim season by 3 - 7 days; close Canine and Pannell Meadows pools at 5:00 p.m.
- Close Kenneth Johnson and Grant High School Pools. Note: Kenneth Johnson pool (higher attendance, no other facility in the area)
- Increase Community Center room rental fees and computer labs
- Reduce program and donor supplies, materials, additional annual reductions necessary in Activities and Centers due to rising material costs and pool chemical costs.
- Eliminate Community Centers and programs and Community Reinvestment Board funds will make minor service level reductions in order to provide minimal staff, utilities, and supplies

Special Events

- Reduce services and equipment to both internal and external customers

Park Maintenance

- In response to Council direction increase park use fees for hire additional Park Safety Officer

Access Leisure

- Increase fees; reduce services to all age groups

Grants to Community Based Organizations

- Fully eliminate grants to Hunger Coalition (through Community Services Planning Council), Sacramento Recreation Center, Sunnyside Settlement and Colonial Park Recreation Effort (CARE). Reduce grants to Area 4 Agency in Union Catholic Social Services, Roberts Family Development Center and Phoenix Park (Sac Housing and Redevelopment Agency)

Resource Development and Grants

- Reduce ability to secure outside resources and partnerships

Public Outreach and Customer Service

- Reduce marketing efforts, materials, and response on-line and out-of-office services for fee based programs

Planning

FY2007/08 General Fund FTE	38.00
FY2007/08 General Fund Budget	\$4,381,000
Less Reimbursements	(\$1,152,000)
Less Revenues	(\$106,000)
FY2007/08 Net General Fund Budget	\$3,043,000
20% Reduction Target	\$608,600

FY2009/09 20% Budget Reduction Summary

Labor	Service and Supplies	Revenues	Offset Increase	Total Savings	FTE
\$203,877	\$147,007	\$0	\$27,760	\$608,644	1.00

Programmatic Impact Summaries

Elimination of Customer Service Specialist - Offset by Support of 2RD non-funded BAP for 5th Floor Receptionist

- Minimal at this time as the current administrative needs are not being addressed by the Customer Service Specialist job description.

Holding Open Senior Planner Vacancy

- The Street Lighting Program will not be completed. Special Districts that would have been completed by this position will be redirected to the Public Improvement Financing Staff. Due to these adjustments there will be limited capacity to work on advance planning such as Financing Plans, formation of special districts, outreach to developers as part of economic development, implementation and monitoring impacts and other financial related issues.

Voluntary Staff Reductions

- Minimal as adjustments will be made and other staff will pick up the workload.

General Plan Budget Reimbursement

- By use of these funds as General Plan staff time reimbursement there will not be funds to reprogram for other General Plan needs that may arise before the completion of this project in December 2008.

CDBG reimbursement for Ben Ali & Hagginwood Neighborhood Planning

- Use of our staff rather than a consultant to draft a much needed plan funded by grant funding rather than the General Fund

Associate Planner work on North Natomas

- Use of our staff rather than a consultant to perform Absorption Studies and Valuation Studies. The General Fund is reimbursed for the staff time by the North Natomas Fee Program

Increase in PIE Reimbursements

- A refocus from establishing CFD's to monitoring of CFD's

Police

FY2007/08 General Fund FTE	1,271.86
FY2007/08 General Fund Budget	\$142,331,000
Less Reimbursements	(\$12,195,000)
Less Revenues	(\$3,767,000)
FY2007/08 Net General Fund Budget	\$126,369,000
20% Reduction Target	\$101,095,200

FY2008/09 20% Budget Reduction Summary

Director	Service	Re	Offset	Total Savings	FTE
\$1,049	\$0	\$0	\$0	\$6,314,935	205.005

Programmatic Impact Summaries:

Patrol Operations

- Delays in timely response to calls, particularly for property crimes, will be very significant. Response to some call types will be eliminated.
- Spans of control for supervisors and managers will increase in some instances, but supervision of patrol staff will remain at current levels.

Investigative Division

- There will be a reduction in the number of reported crimes where follow-up investigation occurs. For Property crimes this will be less than the current 14% of crimes investigated. Very significant reductions in customer service are anticipated.

Utilities

FY2007/08 General Fund FTE	0.00
FY2007/08 General Fund Budget	\$0
Less Reimbursements	\$84,000
Less Revenues	(0)
FY2007/08 Net General Fund Budget	\$84,000
20% Reduction Target	\$16,800

FY2008/09 20% Budget Reduction Summary

Labor	Service and Supplies	Revenues	Offset Increase	Total Savings	FTE
0	0	0	\$16,800	\$16,800	0.00

Programmatic Impact Summaries:

Backflow Device Program

- The purpose of the program is to ensure that the backflow prevention devices on incoming water lines are functioning so that any possibly contaminated water does not leach back into the water distribution system. The program is in place to ensure the safety of the water distribution system and cannot be curtailed. Therefore, inspections, testing, and maintenance will continue until the cost reimbursement cap is reached. Under provisions of Proposition 203, water services cannot be provided without compensation. Therefore, it is possible that some backflow prevention devices will not be inspected as required by law; and the City of San Jose may not be in compliance with the state health and safety code.

Wrap/Ne Ste •



Next Steps

1. Prepare for Budget Hearings in May and June (calendar attached)
2. Community Meetings (schedule attached)
3. Fees and Charges Report, March 25th
4. Proposed Budget, May 1st

PROPOSED FY2009 BUDGET - CITY COUNCIL HEARING SCHEDULE

(TENTATIVE AS OF MARCH 11, 2008)

Date	Afternoon Meeting	Evening Meeting
Tuesday, May 6	FY2009/08 Proposed Operating and Capital Budget Overview	Budget Hearing
Thursday, May 8		Budget Hearing Hold for Hearing if Necessary
Tuesday, May 13	Budget Hearing	Budget Hearing
Thursday, May 15		Budget Hearing Hold for Hearing if Necessary
Tuesday, May 20	Budget Hearing	Budget Hearing
Thursday, May 22		Budget Hearing Hold for Hearing if Necessary
Tuesday, May 27	Budget Hearing	Budget Hearing
Wednesday, May 29		Budget Hearing Hold for Hearing if Necessary
Tuesday, June 3	Election Day No Hearing	Election Day No Hearing
Thursday, June 5		Budget Hearing Hold for Hearing if Necessary
Tuesday, June 10	Budget Hearing	Budget Hearing
Thursday, June 12		Budget Hearing Hold for Hearing if Necessary
Tuesday, June 17	Budget Hearing	Budget Hearing
Thursday, June 19		Budget Attention
Tuesday, June 24	Budget Hearing Hold for Hearing if Necessary	



The City of Sacramento Invites You to

Community Meetings to Discuss the City Budget

The City of Sacramento, like the rest of the Nation, has been impacted by the economic downturn. As a result, the City is facing a budget deficit of at least \$10 million in the coming fiscal year.

In order to keep you informed of the City's current situation, a series of community meetings have been scheduled during the month of March. The purpose of the meetings is to provide background regarding the City's budget, discuss the City's budget priorities, identify the potential impacts to City services, and answer your questions.

Community Meeting Schedule

Thursday, March 6, 2008 7 pm – 9 pm	Sierra 2 Community Center 2791 24 th Street, 95818
Monday, March 10, 2008 6:30 pm – 8:30 pm	Robertson Community Center 3525 Norwood Avenue, 95838
Wednesday, March 12, 2008 7 pm – 9 pm	Pannell Meadowview Community Center 2450 Meadowview Road, 95832
Monday, March 17, 2008 6 pm – 9 pm	MacLeod Hart Senior Center 915 27 th Street, 95816
Thursday, March 20, 2008 6 pm – 9 pm	John F. Kennedy High School 6715 Gloria Drive, 95831
Wednesday, March 26, 2008 6 pm – 9 pm	So. Natomas Community Center 2921 Truxel Road, 95833
Thursday, March 27, 2008 7 pm – 9 pm	Coloma Community Center 4623 T Street, 95819

Please note that more meetings may be added or dates and locations could change. For schedule updates onto view the budget information online and provide comments, please check the City's website at www.cityofsacramento.org