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OFFICE OF THE
CITY MANAGER

CITY OF SACRAMENTO
CALIFORNIA

April 29, 1999

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City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: TRANSMITTAL OF THE PROPOSED 1999-2000 OPERATING AND CAPITAL BUDGETS AND THE PROPOSED 1999-2004 CAPITAL IMPROVEMENT PLAN

LOCATION AND COUNCIL DISTRICT: Citywide.

RECOMMENDATION:

This report is for information and for the purpose of formally transmitting the Proposed 1999-2000 Operating and Capital Budgets to the City Council as required by the City Charter.

CONTACT PERSON(S):

Betty Masuoka, Deputy City Manager, 264-5738
Ken Nishimoto, Director of the Administrative Services Department, 264-7205
Mike McGrane, Budget Manager, 264-5847

FOR THE COUNCIL MEETING OF: May 6, 1999

SUMMARY:

This report transmits the Proposed 1999-2000 Operating and Capital Budgets and the Proposed 1999-2004 Capital Improvement Plan to the City Council.

BACKGROUND:

- The Proposed 1999-2000 Operating Budget net total is \$476 million from all funding sources. This includes adjustments as required by labor agreements or prior City Council action. The Proposed 1999-2000 Capital Improvement Budget totals \$170 million from all sources. The Proposed 1999-2004 Capital Improvement Plan totals \$397 million from all sources for the five year period.

City Council
Proposed 1999-2000 Budget
April 29, 1999

- An overview of the proposed budget will be presented to City Council at their May 6 afternoon meeting. Following that, a series of budget workshops and special reports will be heard through May and June.
- The City Charter requires that City Council adopt a balanced by June 30 of each year.
- Budget hearings/workshops begin on May 11 (please see attached Budget Hearing Schedule).

FINANCIAL CONSIDERATIONS:

This report is for information only. Specific recommendations will be presented to Council during the hearings on the proposed budget and in the context of staff reports during that period.

POLICY CONSIDERATIONS:

The Proposed 1999-2000 Operating and Capital Budgets are balanced and transmitted to City Council consistent with the requirements of the City Charter.

ENVIRONMENTAL CONSIDERATIONS:

Environmental review under the California Environmental Quality Act (CEQA) for any project which utilizes funds allocated under the FY1999-2000 budget has been or will be performed in conjunction with planning, design, and approval of each specific project as appropriate. The ongoing administrative and maintenance activities funded under the FY1999-2000 budget are not subject to review under CEQA. See CEQA Guidelines, 15378(b).

ESBD CONSIDERATIONS:

The budget itself does not implement the purchase of goods or services, therefore, this section is not applicable.

Respectfully submitted,


ROBERT P. THOMAS
City Manager

Attachments: Budget Hearing Schedule
Budget Presentation Overheads

Budget Hearing Schedule

1999-2000 Proposed Operating and Capital Budgets

<u>DATE</u>	<u>COUNCIL SESSION</u>	<u>AGENDA ITEM</u>
May 6	Afternoon	Overview Hearing Schedule
May 11	Afternoon	Operating Police Charter Offices Administrative Services Non-Departmental
May 18	Afternoon	Operating Fire Economic Development & Regional Enterprise Agency
May 25	Afternoon	Introduction to CIP Document Operating Neighborhoods, Planning & Development Services CIP Parks and Recreation CIP SHRA
June 1	Afternoon	Operating Public Works CIP Facility
June 8	Afternoon	Operating Utilities CIP Utilities Rate Hearing (Includes Solid Waste) City/County Office of Metro Water Planning
June 15	Afternoon	CIP Transportation
June 22	Afternoon	Report Backs Wrap-Up
June 29	Afternoon Evening	If Needed Adopt Budget

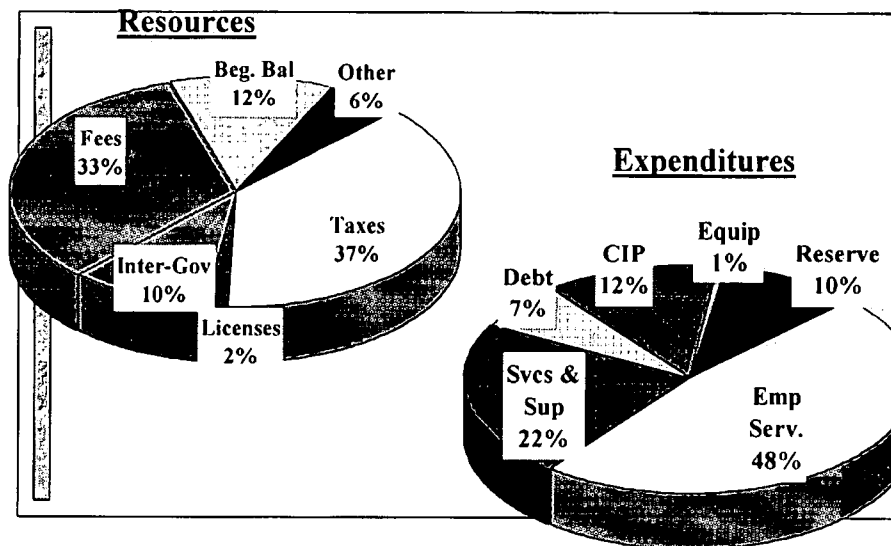
City of Sacramento

Fiscal Year 1999-00

Proposed Budget

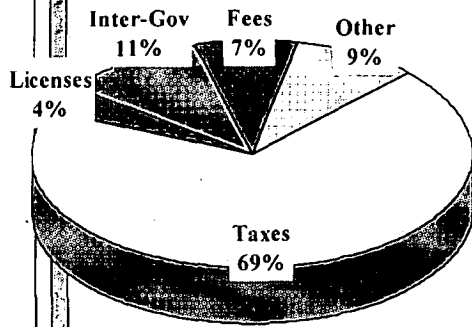
May 6, 1999

Total City Budget: \$476 million

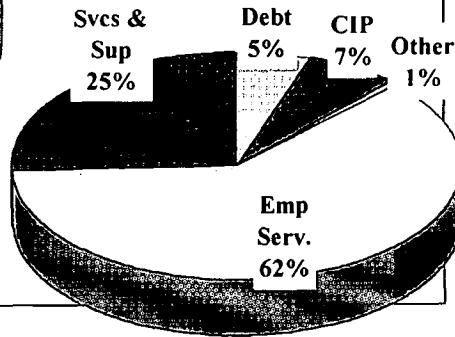


General Fund: \$242 million

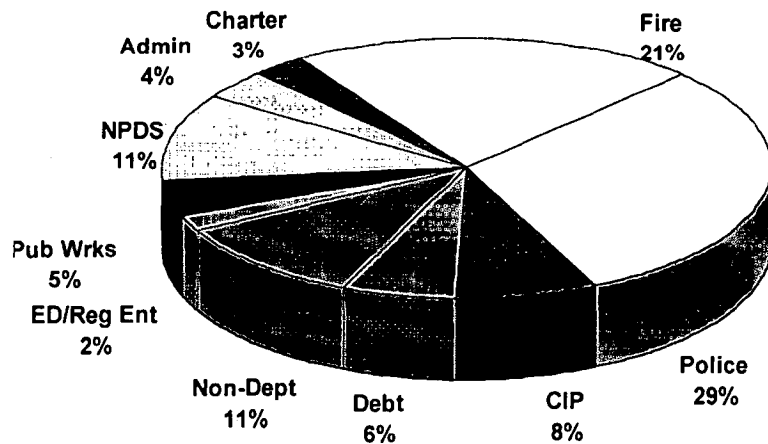
Resources



Expenditures



Expenditures by Department General Fund: \$242 million



FY 00 Budget

■ Total City Budget:

- \$476 million (8%), an increase of \$33 million
 - (CIP Increase \$18 million, Operating Costs \$9 million)
- 4,119 positions, an increase of 70 positions, 2%

■ Total General Fund

- \$242 million, an increase of \$21 million, 9%, (\$18 million CIP spending- \$17 new)
- 3,139 positions, an increase of 52, 2%

FY 00 Priorities

- Focus on prioritization and funding of the CIP
- Set Citywide priorities by focusing on equitable service delivery
- Pursue aggressive Citywide Economic Development
- Pursue a strategic legislative agenda
- Continue the legacy of community involvement

FY 00 Changes

- Adjust Base Budget - net \$1million
- Reinvestment in City's Infrastructure - \$1 million
- Increase Economic Development - \$0.5 million
- Other Recommendations:
 - Fire Detail Pool -\$0.4 million, 21 positions
 - Fee/Cost Offset \$0, 23 positions GF, 18 Enterp.
 - Other: PIO, Animal Care, Full Year Funding

Position Increases

Department	Fee/Cost Offset	Gen. Rev. Supported	
City Manager		1.00	
City Attorney	3.00		
Administrative Services	2.50		
Police	1.00		
Fire	24.50		
Public Works	6.50	1.00	
Neighborhoods	4.00	0.34	
Economic Development	1.20	6.00	
Regional Enterprises	1.00		
Total General Fund	43.70	8.34	
Utility Funds	20.00		
All Other Enterprise Funds	-2.04		
Enterprise Funds Total	17.96	0.00	
City Grand Total	61.66	8.34	70.00

General Fund CIP

- Council previously reviewed \$300 million of Capital needs
- Proposed Budget recommends a \$18 million General Fund CIP
- Projects will be recommended after a Community input process

Funding of General Fund CIP

- Use Midyear cash reserves to address most needed projects
- 3 year period to convert to debt to recover cash reserve, if needed
- If financial conditions improve could finance \$20-\$40 million more capital
- Or else debt proceed to be used for water plant expansion

General Fund Revenue

- Continued Revenue Growth - \$8 million (3.7%)
- Tax Revenues are growing at 4%
- Strong Development Revenue Growth
- A 3% overall growth rate is sustainable

General Fund 5 Year Projection

(\$ in millions)

	98-99	99-00	00-01	01-02	02-03	03-04	04-05
Measure M							
Cumm. Fund Bal.	11.6	10.5	5.6	-10.7	-29.9	-52.4	-78.3
Midyear							
Avail. Fund Bal.	15.8	3.3	2.6	1.1	0.7	-7.7	-18.1
FY 00 Proposed							
Avail. Fund Bal.	2.9	3.0	6.6	1.0	10.7	3.6	-5.5

General Fund 5 Year Projection

(\$ in millions)

	98-99	99-00	00-01	01-02	02-03	03-04	04-05
Beg. Fund Bal	14.5	2.8	3.0	6.7	1.0	10.7	3.6
Revenues	220.2	228.4	235.2	242.3	249.6	257.0	264.7
(Expenditures)	220.1	241.4	234.8	249.0	256.9	265.2	274.3
Other Sources	1.2	0.3	3.2	1.0	1.1	1.1	0.5
Current Yr Bal	1.3	-12.8	3.6	-5.6	-6.3	-7.1	-9.1
Midyear Reserve	-13.0	13.0	0.0	0.0	16.0	0.0	0.0
Cumm. Fund Bal	2.8	3.0	6.7	1.0	10.7	3.6	-5.5

General Fund 5 Year Projection

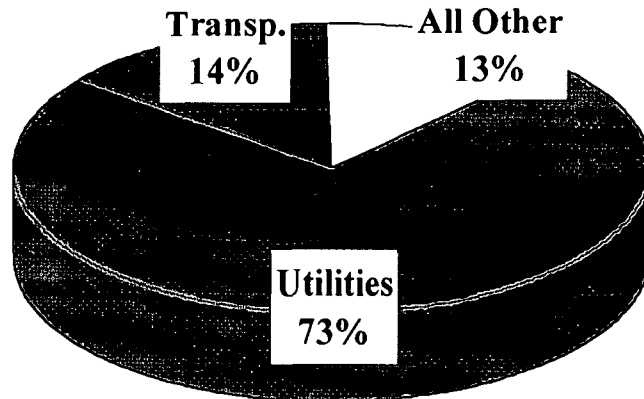
- Improved from Midyear Projection
- Annual deficits beginning in FY 00-01 when Police Grants end
- Fund balance deficit in FY 04-05

Utility Rates

	1996-97	1997-98	1998-99	1999-00
Rate Increases				
Water	3%	0%	0%	6%
Sewer	3%	0%	0%	2%
Storm	3%	0%	0%	0%
Solid Waste				
Collection	-11%	0%	0%	5%
L&G	15%	0%	0%	5%
Composite% Inc	0.0%	0.0%	0.0%	3.7%

5 Year Capital Improvement Program: \$397 million

5 Year CIP



Budget Hearing Schedule

- | | |
|--|---|
| ■ <u>May 6 - afternoon</u> <ul style="list-style-type: none">- Brief Overview | ■ <u>June 1 - afternoon</u> <ul style="list-style-type: none">- Operating: Public Wks |
| ■ <u>May 11 - afternoon</u> <ul style="list-style-type: none">- Police, Charter, ASD, Non-Dept | - CIP: Facilities |
| ■ <u>May 18 - afternoon</u> <ul style="list-style-type: none">- Fire, Econ Dev /Regional Enterprise | ■ <u>June 8 - afternoon</u> <ul style="list-style-type: none">- Utilities/Rate Hearings |
| ■ <u>May 25 - afternoon</u> <ul style="list-style-type: none">- Operating - NPDS- CIP: Intro, Parks/Rec, SHRA | - CIP: Utilities |
| | ■ <u>June 15 - afternoon</u> <ul style="list-style-type: none">- CIP: Transportation |
| | ■ <u>June 22 - afternoon</u> <ul style="list-style-type: none">- Report Back/Wrap Up |
| | ■ <u>June 30 - adopt budget</u> |

REMINDER NOTICE

**MAYOR &
COUNCILMEMBERS:**

Please bring your
1999-2000
Proposed
Operating and Capital
Improvement Program
Budget Documents
to the May 6th
Council meeting and all
subsequent Budget
Workshops/Hearings