



REPORT TO COUNCIL

City of Sacramento

915 I Street, Sacramento, CA 95814-2604
www.CityofSacramento.org

PUBLIC HEARING
June 22, 2010

**Honorable Mayor and
Members of the City Council**

Title: Restoration of Services for FY2010/11

Location/Council District: Citywide

Recommendation: Conduct a public hearing and upon conclusion (1) adopt an intent motion to restore two Police Academies with one-time funding, (2) report back on the plans to restore portions of the Proposed FY2010/11 Budgets for the Police, Fire, and Parks and Recreation Departments, and (3) receive Supplemental Budget Information.

Contacts: Leyne Milstein, Finance Director, 808-8491

Presenters: Jim Combs, Parks and Recreation Director, 808-8526; Leyne Milstein, Finance Director, 808-8491

Department: Finance

Division: Not applicable

Organization No: 06001011

Description/Analysis:

Issue: The FY2010/11 Proposed Operating and Capital Improvement Program Budget Documents were delivered to the Mayor and City Council on April 30, 2010. On June 10, 2010, Council adopted an intent motion directing staff to return to Council with details relative to the restoration of funding to eliminate two proposed brownouts in the Fire Department's reduction plan (\$3.2 million) and to restore a portion of the Parks and Recreation Department's reduction plan (\$945,000). In addition, the City Manager is proposing to restore funding to the Police Department in order to provide funding of police academy operations and the hiring of 30 additional police officers over the next three years. This report provides a detailed plan for Council's review (Attachment 1).

Policy Considerations: On February 11, 2010, Council adopted principles for the development of the FY2010/11 Proposed Budget, including the strategic use of one-time resources.

Committee/Commission Action: Not applicable.

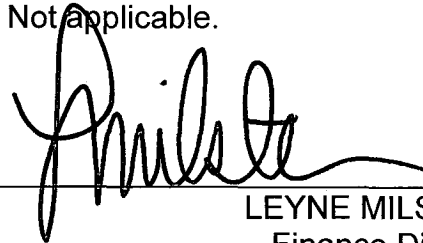
Environmental Considerations: This report concerns administrative activities that will not have any significant effect on the environment, and that do not constitute a "project" as defined by the California Environmental Quality Act (CEQA) [CEQA Guidelines Sections 15061(b)(3); 15378(b)(2)].

Rationale for Recommendation: The attached recommendation reflects the City Council's direction at the June 10, 2010, budget hearing.

Financial Considerations: The Council has taken significant steps to reduce ongoing discretionary spending, making difficult decisions on the programs and services the City will continue to provide. The restorations included in this report mitigate even greater reductions in services in FY2010/11, however, the structural budget deficit the City faces cannot be solved with temporary or one-time solutions. The use of one-time resources to bridge the gap between revenues and expenditures defers, but does not eliminate, the need to make ongoing cost reductions. Unless ongoing corrective actions are taken, the deficit will persist. Staff will return to Council with recommendations for additional reductions in FY2010/11 as required by the budget plan, and in preparation for the development of the FY2011/12 budget.

Emerging Small Business Development (ESBD): Not applicable.

Respectfully Submitted by:



LEYNE MILSTEIN
Finance Director

Recommendation Approved:


GUS VINA
Interim City Manager

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Attachment 1

Fiscal Year (FY) 2010/11 Proposed Budget Restorations**FIRE DEPARTMENT**

The Fire Department will restore two proposed Fire company brownouts for a total cost of \$3.2 million and the restoration of 25.0 FTE. Funding for this restoration will come from:

- Fire Department revenues in excess of the FY2010/11 Proposed Budget estimate (\$600,000); and
- Use of identified one-time resources including:
 - FY2009/10 Fire Department carryover (\$1 million);
 - defer funding for the Internal Budget Analyst Office for one year (\$400,000);
 - Supplemental Annual Administrative Fee revenue (previously PILOT) (\$420,000);
 - redirect funding for public campaign financing (\$300,000);
 - redirect half of the available electronic billboard revenue (\$180,000); and
 - redirect one-time cell tower revenue proportionally from the Council District accounts (\$300,000).

PARKS AND RECREATION DEPARTMENT

The Parks and Recreation Department will restore a total of \$945,000 to preserve services focusing on economically challenged neighborhoods as follows:

- \$742,889 and 25.8 FTE in FY2010/11; and
- \$202,111 in FY2011/12 (Aquatics only).

Funding for this restoration will come from the following one-time funding resources:

- Excess landscape and lighting funding available in Parks and Recreation capital improvement projects (\$245,000); and
- Parks Special Revenue Fund Contingency (\$700,000).

The proposed funding will restore the following programs and services:

- **Out of School Programs for Children** (\$237,355 and 12.0 FTE): Continue the operation of 10 of 15 children's camps for low income families for summer 2010 and offer 50% of the sports teams supported by the General Fund. This

restoration will not extend into summer 2011. Staff will continue to work to maximize non-General Fund sources for youth recreation opportunities.

- **Community Centers** (\$267,452 and 7.7 FTE): Continue current schedules and operation of Mims Hagginwood, Evelyn Moore, and George Sim Centers from November 2010 – June 2011. Due to the size of the George Sim Center, staff will also pursue non-profit partners. (As of November, the following centers and clubhouses not leased out to non-profit organizations for similar public purposes will convert to revenue generating activities only: Woodlake, Robertson, Clunie, East Portal, and Southside.)
- **Senior Center and Senior Services** (\$135,193 and 1.5 FTE): Restore all but six hours per week of service at the Hart Senior Center.
- **Aquatics** (\$102,889 in FY2010/11 and 4.7 FTE, and \$202,111 in FY2011/12): In Summer 2011, aquatics operations will be maintained at McClatchy, Johnston, and George Sim Pools in addition to Pannell Meadowview, Clunie, and Doyle Pools. Based on Park and Recreation fees and charges action taken by the City Council on June 15, 2010, the proposed restoration plan factors in a revenue loss of \$50,000 anticipated in the FY2010/11 reduction plan. This allows admission fee rates to remain unchanged.

POLICE DEPARTMENT

The Police Department will restore a total of 30 Police Officer Positions over the next three fiscal years beginning in January 2011. While the posting for these officers can begin immediately, there is a substantial amount of lead time that is needed to complete the background/training/hiring process. It takes approximately six months from the date of posting to complete the background process for each applicant. It will take an additional six months to complete academy training, and another year before the officer can function independently in the field. With the current projection of two academies per year, the 30 Police Officers will be fully functional by the summer of 2013.

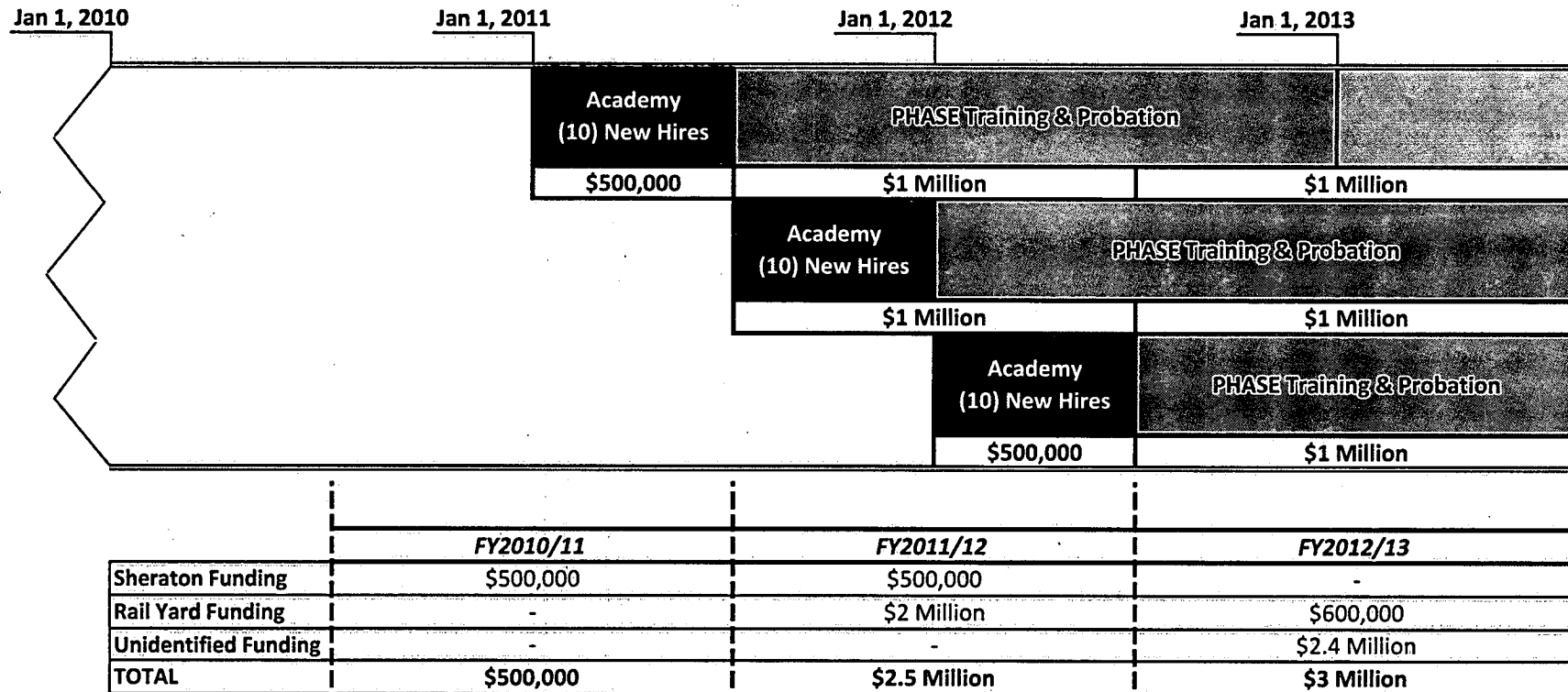
The initial funding for the 30 FTE (10 FTE FY2010/11 and 20 FTE FY2011/12) additional Police Officers will come from two sources. The first \$1 million will be provided by the Parking Fund proceeds of the Sheraton Hotel (\$500,000 appropriated in FY2010/11 and \$500,000 appropriated in FY2011/12). An additional \$2.6 million will be provided from the repayment of funds expended for land acquisition pursuant to the final arbitration decisions on the Railyards Project (\$2 million in FY2011/12 and \$600,000 in FY2012/13). This cumulative \$3.6 million will fund the Police Officers through FY2011/12 and into FY2012/13. Additional funding, totaling \$2.4 million, will have to be identified to fully fund the 30 Police Officers through the remainder of FY2012/13.

Attachment 2

FY2010/11 Full Time Equivalent (FTE) Positions by Fund, by Department					
Fund / Department	Base	POD/		Council Restorations	Grand Total
		Management Partners	Vacancies		
General Fund (1001)					
City Attorney	49.00	(1.00)	-	-	48.00
City Clerk	11.00	(1.00)	-	-	10.00
City Manager	20.00	(2.00)	-	-	18.00
City Treasurer	13.00	(1.00)	-	-	12.00
Code Enforcement	90.00	(9.00)	(1.00)	-	80.00
Community Development	105.50	(12.00)	(5.00)	-	88.50
Convention, Culture & Leisure ⁽¹⁾	102.26	(2.00)	(5.07)	-	95.19
Economic Development	21.00	(2.00)	(1.00)	-	18.00
Finance	75.50	(1.00)	(3.50)	-	71.00
Fire	632.00	(2.00)	(44.00)	25.00	611.00
General Services	154.00	(8.00)	(4.00)	1.00	143.00
Human Resources	25.80	(1.00)	(0.80)	-	24.00
Information Technology	54.00	-	-	-	54.00
Labor Relations	8.00	(1.00)	-	-	7.00
Mayor/Council	36.50	-	-	-	36.50
Neighborhood Services	9.00	(2.00)	-	-	7.00
Parks and Recreation ⁽²⁾	363.07	(54.05)	(7.00)	25.82	327.84
Police ⁽¹⁾	1,129.36	(25.50)	(53.90)	10.00	1,059.96
Transportation	364.75	(2.00)	(13.50)	-	349.25
Subtotal General Fund	3,263.74	(126.55)	(138.77)	61.82	3,060.24
START (2501)					
Parks and Recreation	165.50	1.00	-	-	166.50
Parking (6004)					
Transportation	59.25	-	-	-	59.25
Water (6005)					
Utilities	246.50	-	-	-	246.50
Sewer (6006)					
Utilities	70.50	-	-	-	70.50
Solid Waste (6007)					
Utilities	160.00	-	-	-	160.00
Sacramento Marina (6009)					
Convention, Culture & Leisure	7.80	-	-	-	7.80
Community Center (6010)					
Convention, Culture & Leisure	93.15	-	-	-	93.15
Storm Drainage (6011)					
Utilities	216.50	-	-	-	216.50
4th R Program (6012)					
Parks and Recreation	145.49	-	-	-	145.49
Fleet Management (6501)					
General Services	104.00	-	-	-	104.00
Risk Management (6502)					
Human Resources	20.00	-	-	-	20.00
Worker's Compensation (6504)					
Human Resources	20.00	-	-	-	20.00
City/County Office of Metropolitan Water Planning (CCOMWP, 7103)					
Utilities	4.00	-	-	-	4.00
Grand Total	4,576.43	(125.55)	(138.77)	61.82	4,373.93

(1) Vacancies have been adjusted to reflect contractual obligations, span of control, and service levels.
 (2) includes 23.29 FTE that will be eliminated after July 1, 2010.

Sacramento Police Department Hiring Plan 30 Police Officers



KEY:

	Academy and Training Time Lines - (6) Month academy
	Phase Training and Probation Period for New Officers - (18) Month Training / Probation

Attachment 4

Supplemental Budget Information

Item	Question	Meeting	District	Status
1	Provide information on comparable cities' General Fund reserves	5/11/2010	Mayor	6/1 Council Report
2	Why is Infill in E-1?	5/11/2010	2	6/1 Council Report
3	Provide a history of the unfunding of the position in the Mayor's Office	5/11/2010	Mayor	6/10 Council Report
4	Provide a report on the staff to management ratios	5/11/2010	2	6/10 Council Report
5	What is the source of the \$420,000 in on-going resources used to restore funding for the Fire Department?	6/15/2010	8	6/22 Council Report
6	Provide an estimate of how much each revenue measure will generate.	5/11/2010	4	6/22 Ballot Measure Report

*Note: Shaded items delivered in previous Council reports.

PENDING				
Item	Question	Meeting	District	
	Identify specific mandate (State, Federal, Charter, Agreement) associated with programs/services identified as mandated.	5/11/2010	2	
	Provide span of control evaluation for the organization including management to staff ratios.	6/10/2010	2	
	Provide a listing of all positions and salaries above \$100K.	5/11/2010	2	
	Provide the cost recovery (revenue vs. expenses) for the past five years of the Community Development Department.	6/10/2010	2	
	Provide information on bringing forth a L&L Fund ballot initiative, its timeline, and potential revenue amounts.	6/10/2010	3	

*Note: Pending Items will be provided in Memos to Council and/or in future Budget Updates to Council.

Attachment 4a

Supplemental Budget Information – Item 5

Question:

What is the source of the \$420,000 in ongoing resources used to restore funding for the Fire Department?

Response:

The identified \$420,000 comes to the City from the Sacramento Housing and Redevelopment Agency (SHRA). These revenues were budgeted as one-time grant funds in the Office of Youth Development and are not currently programmed for ongoing programs or services.

The revenue is derived from the payment of a Supplemental Annual Administrative Fee (prior referenced to as payment in lieu of property taxes). The City and County adopted policies that require SHRA Mortgage Revenue Bond projects developed by for-profit developers which partner with non-profit organizations to pay a Supplemental Annual Administrative Fee equal to 20% of 1% of the assessed value (Section 9.1.11 of the Agency's Multi-family guidelines)¹.

The use of these fees is not proscribed and can be used to provide services and to offset the loss of property taxes in the jurisdiction where the project is located (in this case, the City of Sacramento). Use of these funds to maintain or restore City services is an appropriate use.

There are currently 21 multi-family developments within the City of Sacramento paying the fee.

¹ Multi-family housing owned by non-profits that provide low income housing is eligible for a State property tax welfare exemption.