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OFFICE OF THE
CITY MANAGER

CITY OF SACRAMENTO
CALIFORNIA

CITY HALL
ROOM 101
915 I STREET
SACRAMENTO, CA
95814-2684

City Council
Sacramento, CA

CONTINUED
FROM 9/15/98
TO 10/1/98 2pm

PH 916-264-5704
FAX 916-264-7618
TDD (ONLY) 916-264-7227

Honorable Members in Session

SUBJECT: General Fund Outlook With and Without the ¼ - Cent Sales Tax

LOCATION: Citywide

RECOMMENDATION: Adopt attached resolution. Resolution directs staff to begin budget planning to close the projected deficit based on scenarios with and without revenue from an additional 1/4 cent sales tax.

CONTACT PERSON: Betty Masuoka, Deputy City Manager (264-5704)
William H. Edgar, City Manager (264-5704)

FOR COUNCIL MEETING OF: September 15, 1998 (afternoon)

SUMMARY:

This report presents three possible 6-year scenarios for the General Fund and requests direction from Council on how to proceed with budget planning for the next six years. Because this report deals only with budget plans, future actions from City Council will be required for implementation. Attached (Attachment A) is a budget impact summary of the three scenarios.

1. Status Quo General Fund Projection (Deficit). This projection results in a cumulative deficit of \$93 million based on current budget revenue estimates and the continuation of 101 currently grant funded police officers.
2. Adjusted General Fund Projection with 1/4 Cent Sales Tax. This projection assumes the 1/4 cent sales tax measure passes and additional expenditures for police, fire and code enforcement. The deficit is 'fixed' with a permanent reduction of \$12-13 million in the general government