



APPROVED
BY THE CITY COUNCIL

OCT 1 1998

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OFFICE OF THE
CITY MANAGER

CITY OF SACRAMENTO
CALIFORNIA

OFFICE OF THE
CITY CLERK

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

City Council
Sacramento, CA

Honorable Members in Session

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

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

SUBJECT: General Fund Outlook With and Without the 1/4 - 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

budget.

3. Adjusted General Fund Projection without 1/4 Cent Sales Tax. This projection assumes the 1/4 cent sales tax measure fails. The deficit is 'fixed' with permanent reductions of \$5 million in police; \$1 million in fire and \$20 million in general government.

BACKGROUND:

1. Status Quo General Fund Projection (Deficit). The long range plan presented to the City Council on September 8, 1998 (Next Steps report) included a 6-year projection of the General Fund. This status quo projection (see Attachment B) assumed the continuation of all current programs and positions including the 101 police officers that are funded with the Universal Hiring Grant. The revenue projection was based on the adopted revenue schedule. That projection indicated:

1. On an annual basis, General Fund expenditures exceed revenues. The annual gap grows from \$1.6 million in FY98-99 to \$28 million in FY04-05. The cumulative fund balance deficit, if no corrective action were taken, would be \$93 million in FY04-5.
2. A large part of the cause for this gap is due to the expiration of a Police grant. This accounts for about \$35 million of the \$93 million deficit during the projection period.
3. The rest of the deficit is attributable to a structural imbalance whereby overall expenditures are growing faster than revenues.
4. In order to close the projected deficits, there must either be more revenue to the General Fund, or expenditures must be reduced.
5. A ¼-cent sales tax would not generate sufficient revenue to fully cover the projected deficit during the period.

¼ Cent Sales Tax Measure. The City Council has endorsed the County Board of Supervisors' action to place on the November ballot a ¼-cent sales tax. If passed, this ¼-cent would be a general tax revenue source to the cities and county of Sacramento. The revenue allocated to the City of Sacramento would be placed in the General Fund without restriction. The proposed tax, which sunsets in six years, would generate between \$12 – 13 million per year for the City.

Because the ¼-cent sales tax is a general tax, there cannot legally, and will not be advance "earmarking" of its use. Each year, in its budgetary process, the City Council will determine how this revenue, along with the rest of the General Fund is to be appropriated. However, for discussion and planning purposes, staff has prepared a General Fund projection which shows how this additional funding, if and to the extent it is available, could impact the General Fund Budget.

2. General Fund Projection with ¼ Cent Sales Tax. A revised projection has been prepared (see Attachment C). This projection builds on the status quo projection already reviewed by Council. In this projection, staff presents an option for balancing the budget and at the same time providing additional resources for programmatic priorities. The key assumptions in this projection are:

Revenue Assumptions:

- ✓ Base (1%) sales tax projections are increased by \$2 million in the current year. This increase to the base grows at the currently projected rate of 2.4% per year. This adjustment is based on staff's estimate of the impact from new retail development that has recently opened in the City.
- ✓ The ¼ cent sales tax is approved by the voters and generates an estimated \$12-13 million per year during its effective period.

Expenditure Assumptions:

- ✓ All current programs/positions in Police and Fire are maintained (including the 101 grant funded police officers) during the projection period.
- ✓ A new police grant is applied for (and received) which funds 20-30 officers for 3 years at a grant level of \$25,000 per officer, the General Fund paying for the grant match and continuation of the positions at least during the projection period.
- ✓ An additional 40 firefighters are added to the budget to substantially mitigate past reductions.
- ✓ An additional \$500,000 is added to the Code Enforcement budget to supplement that program.
- ✓ \$4 - 8 million of the new revenue is used to mitigate the structural imbalance in the General Fund.

Projected Outcomes:

- ✓ Because of the high priority of Police and Fire, it is assumed that those areas will not be affected by any deficit reduction efforts. This results in the need for a permanent reduction in the non-public safety budgets of about \$12.5 million in FY 02-03. This represents about a 13% reduction to the *gross* general government budget or a 25% reduction to the *discretionary or net*¹ general government budget. Additional growth in the base revenues of the General Fund could mitigate this reduction.
- ✓ The funding projection can be further improved for both public safety and general government if alternative funding can be achieved. (E.g. greater revenue growth resulting from economic development initiatives; cost savings from privatization and/or regionalization, etc.)
- ✓ If the Universal Hiring Grant is extended, the freed up funds could be held in reserve to fund the officers when the grants finally do expire.
- ✓ If the ¼-cent sales tax revenue comes in higher or lower than projected, the expenditure assumptions above could be adjusted on a proportional basis (i.e. roughly 56% for police; 33% for fire; 4% for code enforcement and 6% towards the structural imbalance).
- ✓ The Sales Tax Measure requires an annual audit of the 1/4 cent revenue. This audit would provide public information on how the funds are spent in the City. The bottom portion of Attachment A is an example of the type of information the audit could provide.

3. General Fund Projection without ¼ Cent Sales Tax. This projection (see Attachment D) also builds on the status quo projection already reviewed by Council. In this projection, staff presents an option for balancing the budget assuming no new revenue sources. The key assumptions in this projection are:

Revenue Assumptions:

¹ Discretionary or net budget for general government excludes mandatory payments such as debt service or retiree benefits and fee supported programs.

- ✓ Base (1%) sales tax projections are increased by \$2 million in the current year. This increase to the base grows at the currently projected rate of 2.4% per year. (Same as scenario 2).

Expenditure Assumptions:

- ✓ No new program/positions.

Projected Outcomes:

- ✓ Because of the high priority of Police and Fire, those budgets take a proportionally smaller cut than General Government.
- ✓ The Police budget would be reduced by about \$5 million on a permanent basis in FY01-02. This is a 5% reduction of that budget. This represents a reduction of about 58 of the 101 grant funded officers.
- ✓ The Fire budget would be reduced by about \$1.3 million or one company. This represents a 2% reduction of its net budget (which excludes the ALS/ambulance program).
- ✓ The remaining general government budgets (parks, recreation, support, etc) would be reduced by about \$20 million which represents a 36% reduction of the discretionary portion of those budgets.

FINANCIAL CONSIDERATIONS:

The City is facing the loss of a major grant that funds 101 police officers (\$8.8 million per year), as well as a structural imbalance in the General Fund between the growth rates of revenues and expenditures. This is coupled with a need to improve overall service levels, particularly in police, fire and code enforcement. The revenue picture in the City continues to suffer from the transfer of property tax from the city to the state (ERAF Shift) as well as a sluggish economy. With respect to the economy, there is reason to believe that revenues will pick up, but to the extent that it is a result of new development there will also be accompanying new service demands. Improvement to base property tax revenues are also anticipated, but again, the timing is uncertain as is the magnitude.

This report is one of a series which continually updates City Council on the financial condition of the General Fund and seeks direction on how to maintain a balanced budget.

POLICY CONSIDERATIONS

Given the potential deficits that are currently being projected, it is important for staff to focus on long range financial planning and to develop implementation strategies for potential budget reductions and/or augmentations (depending on which scenario materializes). This report seeks direction on budget planning for the next 6-years. Staff will report back to Council at the Midyear Review and at other times as appropriate to reverify with Council that the long range budget planning is moving in the right direction. Approval of the attached resolution does not bind the Council to any particular action when staff reports back with the implementation plan. Action will be requested, as usual, at budget adoption time as well as at any point when council chooses to amend the budget.

Respectfully Submitted,



WILLIAM H. EDGAR
CITY MANAGER

Summary

Attachment A

	FY 98-99	FY 99-00	FY 00-01	FY 01-02	FY 02-03	FY 03-04	FY 04-05	Total
Police								
Status Quo - Net (w/ 101 Off.)	70,827	73,688	76,664	88,392	91,699	95,136	98,709	595,115
chg from prior year		4.04%	4.04%	15.30%	3.74%	3.75%	3.76%	
Adjusted - No 1/4 Cent Sales Tax	70,827	73,688	76,664	83,972	87,114	90,379	93,773	576,418
chg from prior year		4.04%	4.04%	9.53%	3.74%	3.75%	3.76%	
chg from Status Quo		0.00%	0.00%	-5.00%	-5.00%	-5.00%	-5.00%	
Adjusted - With 1/4 Cent Sales Tax	72,206	74,388	77,693	90,124	93,604	97,232	101,014	606,261
chg from prior year		3.02%	4.44%	16.00%	3.86%	3.88%	3.89%	
chg from Status Quo		0.95%	1.34%	1.96%	2.08%	2.20%	2.34%	
Fire								
Status Quo - Net	40,943	42,573	44,302	46,101	47,974	49,923	51,954	323,769
chg from prior year		3.98%	4.06%	4.06%	4.06%	4.06%	4.07%	
Adjusted - No 1/4 Cent Sales Tax	40,943	42,573	44,302	46,101	46,799	48,706	50,693	320,116
chg from prior year		3.98%	4.06%	4.06%	1.51%	4.08%	4.08%	
chg from Status Quo		0.00%	0.00%	0.00%	-2.45%	-2.44%	-2.43%	
Adjusted - With 1/4 Cent Sales Tax	42,218	46,551	48,439	50,403	52,448	54,577	56,794	351,430
chg from prior year		10.26%	4.05%	4.06%	4.06%	4.06%	4.06%	
chg from Status Quo		9.34%	9.34%	9.33%	9.33%	9.32%	9.32%	
General Government								
Status Quo - Net	45,409	42,718	45,909	47,988	50,077	52,262	54,548	338,910
chg from prior year		-5.93%	7.47%	4.53%	4.35%	4.36%	4.37%	
Adjusted - No 1/4 Cent Sales Tax	45,409	42,718	45,909	41,750	36,556	35,538	34,910	282,790
chg from prior year		-5.93%	7.47%	-9.06%	-12.44%	-2.78%	-1.77%	
chg from Status Quo		0.00%	0.00%	-13.00%	-27.00%	-32.00%	-36.00%	
Adjusted - With 1/4 Cent Sales Tax	45,409	42,718	45,909	47,988	37,558	39,242	41,007	299,830
chg from prior year		-5.93%	7.47%	4.53%	-21.74%	4.48%	4.50%	
chg from Status Quo		0.00%	0.00%	0.00%	-25.00%	-24.91%	-24.82%	

SUMMARY: Example of an Audit Report on the Allocation of 1/4 cent Sales Tax								Total	% of Total
Police - 24 Grant Officers	1,379	700	1,029	1,732	1,905	2,096	2,305	11,146	
Police - 101 Grant Officers	-	-	-	8,800	8,800	8,800	8,800	35,200	
Total: Police	1,379	700	1,029	10,532	10,705	10,896	11,105	46,346	56.2%
Fire	1,275	3,978	4,137	4,303	4,475	4,654	4,840	27,662	33.5%
Code Enforcement	250	520	541	562	585	608	633	3,699	4.5%
General Government	2,971	6,834	6,614	(2,781)	(2,846)	(2,929)	(3,031)	4,832	5.9%
Revenue from 1/4 cent Sales Tax	5,875	12,032	12,321	12,616	12,919	13,229	13,547	82,539	100.0%

Status Quo: Cost of existing personnel/program. Assumes the 101 Grant Funded Officers are kept even if grants expire. Results in General Fund deficit.

Net: Amount of discretionary General Funding. Excludes grants, revenue offsets, transfers.

Scenario 1: Status Quo Genral Fund Projection (Deficit)

Attachment B

(\$ in 000)

		1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
1	Beginning Available Fund Balance	\$ 11,199	\$ 9,610	\$ 6,486	\$ (495)	\$ (18,948)	\$ (40,431)	\$ (65,145)
2	Revenues:							
3	Taxes	154,489	158,197	161,993	165,881	169,862	173,939	178,114
4	Department operating revenue	32,209	32,853	33,510	34,180	34,864	35,561	36,273
5	Intergovernmental	23,309	23,542	23,778	24,015	24,255	24,498	24,743
6	Other	3,260	3,198	3,230	3,262	3,294	3,327	3,360
7	Total Revenue	213,267	217,790	222,511	227,339	232,276	237,325	242,489
8		3.1%	2.1%	2.2%	2.2%	2.2%	2.2%	2.2%
9								
10	Expenditures:							
11	Employee services	188,913	192,662	201,708	209,864	218,259	226,989	236,069
12	Services and supplies	61,533	63,224	63,878	64,538	65,206	65,881	66,565
13	Debt Service	13,996	14,000	14,000	14,000	14,000	14,000	14,000
14	Equipment	578	500	500	500	500	500	500
15	Transfers	(29,430)	(30,313)	(31,222)	(32,159)	(33,124)	(34,117)	(35,141)
16	CIP/Grant Offsets	(20,170)	(21,159)	(21,371)	(12,952)	(13,082)	(13,213)	(13,345)
17	Capital	940	1,000	1,000	1,000	1,000	1,000	1,000
18	Other	(1,446)	0	0	0	0	0	0
19	Administrative Contingency	1,000	1,000	1,000	1,000	1,000	1,000	1,000
20	Total Expenditures	215,914	220,914	229,493	245,791	253,759	262,040	270,648
21		3.0%	2.3%	3.9%	7.1%	3.2%	3.3%	3.3%
22	Total other sources and (uses:)	1,058	0	0	0	0	0	0
23	Current Year Surplus (Deficit)	(1,589)	(3,124)	(6,981)	(18,452)	(21,483)	(24,715)	(28,158)
24	Ending Available Fund Balance	9,610	6,486	(495)	(18,948)	(40,431)	(65,145)	(93,303)
25	Other Potential Impacts							
26	0.25% Sales Tax Increase	5,875	12,032	12,321	12,616	12,919	13,229	13,547
27	Potential Increase to Tax Base	2,000	2,048	2,097	2,147	2,199	2,252	2,306
28	Other Potential Impacts	<===== (6,000) to ?????=====>						
29	Potential Reductions	0	0	0	0	<===== (20,000) to (30,000)=====>		

Scenario 2: Adjusted General fund Projection With 1/4 Cent Sales Tax

Attachment C

		1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
1	Beginning Available Fund Balance	11,199	11,610	10,533	5,648	(10,657)	(29,940)	(52,403)
2	Revenues:							
3	Taxes	154,489	158,197	161,993	165,881	169,862	173,939	178,114
3a	Adjust Tax Base	2,000	2,048	2,097	2,147	2,199	2,252	2,306
4	Department operating revenues	32,209	32,853	33,510	34,180	34,864	35,561	36,273
5	Intergovernmental	23,309	23,542	23,778	24,015	24,255	24,498	24,743
6	Other	3,260	3,198	3,230	3,262	3,294	3,327	3,361
7	Total Revenue	215,267	219,838	224,608	229,486	234,475	239,578	244,796
8		4.1%	2.1%	2.2%	2.2%	2.2%	2.2%	2.2%
9	Expenditures:							
17	Total Expenditures	215,914	220,914	229,493	245,791	253,759	262,040	270,647
18		3.0%	2.3%	3.9%	7.1%	3.2%	3.3%	3.3%
19	Total other sources and (uses:)	1,058	0	0	0	0	0	0
20	Current Year Surplus (Deficit)	411	(1,077)	(4,885)	(16,305)	(19,284)	(22,462)	(25,851)
21	Ending Available Fund Balance	11,610	10,533	5,648	(10,657)	(29,940)	(52,403)	(78,254)

Estimate of Revenues and Expenditures from 1/4 Cent Sales Tax								
23	0.25% Sales Tax Increase	5,875	12,032	12,321	12,616	12,919	13,229	13,547
25	Use of 0.25% Sales Tax Increase for new Position	(2,904)	(5,198)	(5,707)	(6,597)	(6,965)	(7,358)	(7,778)
26	Deficit Reduction/Backfill Police Grants	(2,971)	(6,834)	(6,614)	(6,019)	(5,955)	(5,871)	(5,769)
28	Subtotal: New Positions/Costs	2,971	6,834	6,614	6,019	5,955	5,871	5,769
29	Revised Cur Yr	3,382	5,757	1,729	(10,285)	(13,329)	(16,591)	(20,081)
30	Ending Available w Potential Impacts	14,581	20,338	22,067	11,782	(1,548)	(18,139)	(38,220)

Detail of New Positions								
Police Department								
31a	Hire 24 Grant Funded Police Officers	(1,379)	(700)	(1,029)	(1,732)	(1,905)	(2,096)	(2,305)
	subtotal Police Department	(1,379)	(700)	(1,029)	(1,732)	(1,905)	(2,096)	(2,305)
Fire Department								
33	Company Augmentation - 40 positions	(1,275)	(3,978)	(4,137)	(4,303)	(4,475)	(4,654)	(4,840)
Code Enforcement								
34	Strike Force Unit	(250)	(520)	(541)	(562)	(585)	(608)	(633)
35	Total Requests	(2,904)	(5,198)	(5,707)	(6,597)	(6,965)	(7,358)	(7,778)

Impact on Police and Fire Budgets								
36	Status Quo: Gross Police Budget	73,054	75,949	78,959	90,721	94,062	97,535	101,144
37	less: Dept Revenues, etc	(2,227)	(2,260)	(2,294)	(2,329)	(2,364)	(2,399)	(2,435)
38	Status Quo: Net Police Budget	70,827	73,688	76,664	88,392	91,699	95,136	98,709
39	Augmentation from Sales Tax	1,379	700	1,029	1,732	1,905	2,096	2,305
40	Total: Net Police Department	72,206	74,388	77,693	90,124	93,604	97,232	101,014
41	Change from prior year		3.02%	4.44%	16.00%	3.86%	3.88%	3.89%
42	Change from Net Status Quo	1.95%	0.95%	1.34%	1.96%	2.08%	2.20%	2.34%
43	Status Quo: Gross Fire Budget	51,095	52,877	54,760	56,716	58,749	60,860	63,055
44	less: Dept Revenues, Transfers, etc	(10,152)	(10,304)	(10,459)	(10,616)	(10,775)	(10,937)	(11,101)
45	Status Quo: Net Fire Budget	40,943	42,573	44,302	46,101	47,974	49,923	51,954
46	Augmentation from Sales Tax	1,275	3,978	4,137	4,303	4,475	4,654	4,840
47	Total: Net Fire Budget	42,218	46,551	48,439	50,403	52,448	54,577	56,794
48	Change from prior year		10.26%	4.05%	4.06%	4.06%	4.06%	4.06%
49	Change from Net Status Quo	3.11%	9.34%	9.34%	9.33%	9.33%	9.32%	9.32%

Impact on Non-Public Safety Departments								
50	Status Quo Gross Budget: Other Dept *	91,271	89,038	92,693	95,240	97,801	100,463	103,231
51	less: Dept Revenues, Transfers, etc	(19,096)	(19,287)	(19,480)	(19,675)	(19,871)	(20,070)	(20,271)
52	less: Non-discretionary expenditures	(26,766)	(27,034)	(27,304)	(27,577)	(27,853)	(28,131)	(28,413)
53	Status Quo - Net	45,409	42,718	45,909	47,988	50,077	52,262	54,548
54	Cummulative Deficit Correction					(12,519)	(13,020)	(13,541)
55	Cumm Deficit Correction to Stat Quo Net Budget			0.00%	0.00%	-25.00%	-24.91%	-24.82%
56	Adjusted Status Quo - Net *	45,409	42,718	45,909	47,988	37,558	39,242	41,007
57	% Change from prior year		-5.93%	7.47%	4.53%	-21.74%	4.48%	4.50%
61	Revised Cur Yr	3,382	5,757	1,729	(10,285)	(810)	(3,571)	(6,540)
62	Ending Available Fund Balance	14,581	20,338	22,067	11,782	10,971	7,400	860

* Includes base increase of \$500,000 for Code Enforcement Augmentation

Scenario 3: Adjusted General fund Projection Without 1/4 Cent Sales Tax

Attachment D

9/2/99

		1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
1	Beginning Available Fund Balance	11,199	11,610	10,533	5,648	(10,657)	(29,940)	(52,403)
2	Revenues:							
3	Taxes	154,489	158,197	161,993	165,881	169,862	173,939	178,114
3a	Adjust Tax Base	2,000	2,048	2,097	2,147	2,199	2,252	2,306
4	Department operating revenues	32,209	32,853	33,510	34,180	34,864	35,561	36,273
5	Intergovernmental	23,309	23,542	23,778	24,015	24,255	24,498	24,743
6	Other	3,260	3,198	3,230	3,262	3,294	3,327	3,361
7	Total Revenue	215,267	219,838	224,608	229,486	234,475	239,578	244,796
8		4.1%	2.1%	2.2%	2.2%	2.2%	2.2%	2.2%
9	Expenditures:							
17	Total Expenditures	215,914	220,914	229,493	245,791	253,759	262,040	270,647
18		3.0%	2.3%	3.9%	7.1%	3.2%	3.3%	3.3%
19	Total other sources and (uses:)	1,058	0	0	0	0	0	0
20	Current Year Surplus (Deficit)	411	(1,077)	(4,885)	(16,305)	(19,284)	(22,462)	(25,851)
21	Ending Available Fund Balance	11,610	10,533	5,648	(10,657)	(29,940)	(52,403)	(78,254)

	Option for Correcting Deficit							
	POLICE BUDGET							
23	Status Quo - Gross (w/ Grant Officers)	73,054	75,949	78,959	90,721	94,062	97,535	101,144
24	less: Dept Revenues, etc	(2,227)	(2,260)	(2,294)	(2,329)	(2,364)	(2,399)	(2,435)
25	Status Quo - Net	70,827	73,688	76,664	88,392	91,699	95,136	98,709
26	Cumulative Deficit Correction			0	(4,420)	(4,585)	(4,757)	(4,935)
27	Cumulative Percent reduction of net budget			0.00%	-5.00%	-5.00%	-5.00%	-5.00%
30	Adjusted - Net	70,827	73,688	76,664	83,972	87,114	90,379	93,773
31	% change from prior year		4.04%	4.04%	9.53%	3.74%	3.75%	3.76%
	FIRE BUDGET							
32	Status Quo - Gross	51,095	52,877	54,760	56,716	58,749	60,860	63,055
33	less: Dept Revenues, etc	(10,152)	(10,304)	(10,459)	(10,616)	(10,775)	(10,937)	(11,101)
34	Status Quo - Net	40,943	42,573	44,302	46,101	47,974	49,923	51,954
35	Cumulative Deficit Correction			0	0	(1,175)	(1,217)	(1,261)
36	Cumulative Percent reduction			0.00%	0.00%	-2.00%	-2.00%	-2.00%
39	Adjusted - Net	40,943	42,573	44,302	46,101	46,799	48,706	50,693
40	% change from prior year		3.98%	4.06%	4.06%	1.51%	4.08%	4.08%
	OTHER DEPARTMENTS							
41	Status Quo - Gross	91,271	89,038	92,693	95,240	97,801	100,463	103,231
42	less: Dept Revenues, Transfers, etc	(19,096)	(19,287)	(19,480)	(19,675)	(19,871)	(20,070)	(20,271)
43	less: Non-discretionary expenditures	(26,766)	(27,034)	(27,304)	(27,577)	(27,853)	(28,131)	(28,413)
44	Status Quo - Net	45,409	42,718	45,909	47,988	50,077	52,262	54,548
45	Cumulative Deficit Correction			0	(6,238)	(13,521)	(16,724)	(19,637)
46	Cumulative Percent reduction from net status quo budget			0.00%	-13.00%	-27.00%	-32.00%	-36.00%
49	Adjusted - Net	45,409	42,718	45,909	41,750	36,556	35,538	34,910
50	% change from prior year		-5.93%	7.47%	-9.06%	-12.44%	-2.78%	-1.77%
51	Current Year Surplus (Deficit)	411	(1,077)	(4,885)	(5,647)	(3)	235	(17)
52	Ending Available Fund Balance	11,610	10,533	5,648	1	(2)	234	217

APPROVED
BY THE CITY COUNCIL

OCT 1 1998

OFFICE OF THE
CITY CLERK

RESOLUTION NO. 98-494

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

**Resolution Directing the City Manager to
Proceed With Long Range Financial Planning to Close the
Projected Deficits Based on Scenarios With and Without Revenue From An
additional 1/4 Cent Sales Tax**

WHEREAS the City Council is committed to responsible budgeting that adjusts for projected deficits before they occur, and

WHEREAS the City Council is committed to providing quality municipal services, particularly with respect to Police, Fire and Code Enforcement; and

WHEREAS the City Council has reviewed a range of financial scenarios which indicate the need to significantly adjust the current budget over the next 6 years;

THEREFORE, be it resolved by the City Council of the City of Sacramento that the City Manager is hereby directed to proceed with the development of a long range financial plan to adjust service levels based on the budget scenarios with and without additional revenue that would be generated from a 1/4-cent sales tax. The City Manager is to report back to the City Council with recommendations for long range plans consistent with the reviewed scenarios on an on-going basis at Midyear Review and in the Proposed Budget and at any other time as appropriate.

Mayor

Attest:

City Clerk

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____