



W2.1A

DEPARTMENT OF
ADMINISTRATIVE SERVICES
BUDGET AND POLICY REVIEW

CITY OF SACRAMENTO
CALIFORNIA

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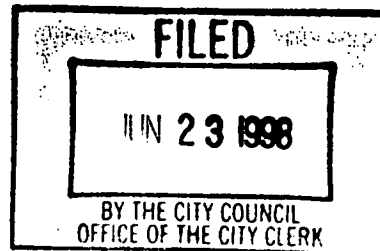
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June 18, 1998

City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: Proposed 1998-99 Operating Budget



LOCATION AND COUNCIL DISTRICT: Citywide

RECOMMENDATION

This is an informational report that summarizes the changes to the operating budget and introduces budget related reports to be heard on June 23, 1998. Staff is seeking Council's tentative approval to include these items into the adopted budget. Final adoption of the fiscal Year 1998-99 budget will be on Tuesday, June 30, 1998.

CONTACT PERSON: Betty Masuoka, Deputy City Manager, 264-5704
Ken Nishimoto, Director of Administrative Services, 264-5736
Michael McGrane, Budget Manager, 264-5847

FOR COUNCIL MEETING OF: June 23, 1998

SUMMARY

This report discusses changes to the 1998-99 Proposed Budget during the budget hearings.

BACKGROUND INFORMATION

Exhibit 1 summarizes the changes to the Proposed Budget in the City's General Fund since its release on May 1, 1998. Exhibit 2 lists items being heard on June 23, 1998.

General Fund Operating Budget Changes

Exhibit 1 Operating Changes to Date	
Changes	Budget
Sponsorship	\$95,000
Swimming Pools Hours	80,000
Chickory Bend Debt	85,000
Trench Cut Administration	100,000
Trench Cut Revenue	< 100,000 >
No. Natomas Readiness	414,480
No. Natomas Revenue	< 414,480 >
NET TOTAL	\$260,000

Exhibit 2 Additional Items to be Considered	
Additional Changes	Budget
Misdemeanor Jail (FY 99)	\$0
Stewardship Program	40,000
City Treasurer Re-engineering	90,000
City Treasurer Offset	< 67,000 >
Miscellaneous	90,000
L&L Changes	< 135,000 >
Subtotal Additional	18,000
GRAND TOTAL	\$278,000

Summary of new items:

Misdemeanor Jail: This 6/23/98 report discusses the business points of creating a Misdemeanor Accountability / Incarceration Program with the County of Sacramento. The potential cost of the program is \$290,000 for capital improvements and \$1,050,000 annually. Funding for Fiscal Year 1998-99 is contained in a previously approved capital improvement project.

Stewardship Program: Volunteers provide assistance in maintaining bikeways. Funding (\$40,000) is requested to partially offset the cost of volunteer coordination and provide maintenance supplies and equipment.

City Treasurer Restructuring: The City Treasurer is proposing a phased re-engineering of his office. The net cost for FY 98-99 totals \$23,000.

Landscape & Lighting Offsets: A cost of living adjustment in the L&L assessment would offset \$135,000 of increased lighting and maintenance costs currently absorbed in the Proposed Budget by the General Fund.

Miscellaneous: Council directed staff to address the issue of providing adequate technology support to the Charter Offices. In order to provide continuous and responsive support of information and communications systems, one data analyst position is proposed in the Administrative Services Department to be assigned to the Mayor/Council Office (\$60,000). Additionally, the Law and Legislation Committee supported the City to keep its membership with the League of California Cities (\$30,000).

Other Potential Future Items: Several items may be considered for funding by the City Council over the next few months such as: code enforcement, arts funding, Old Sacramento, Midtown angle parking, etc.

Other Funds Operating Budget Changes

A report addressing the Sacramento Convention Center audit recommendations will be heard on June 23. This report seeks to implement measures to provide the greatest potential for achieving the financial, marketing, operational, and management objectives of the Sacramento Convention Center Five Year Business Plan.

FINANCIAL

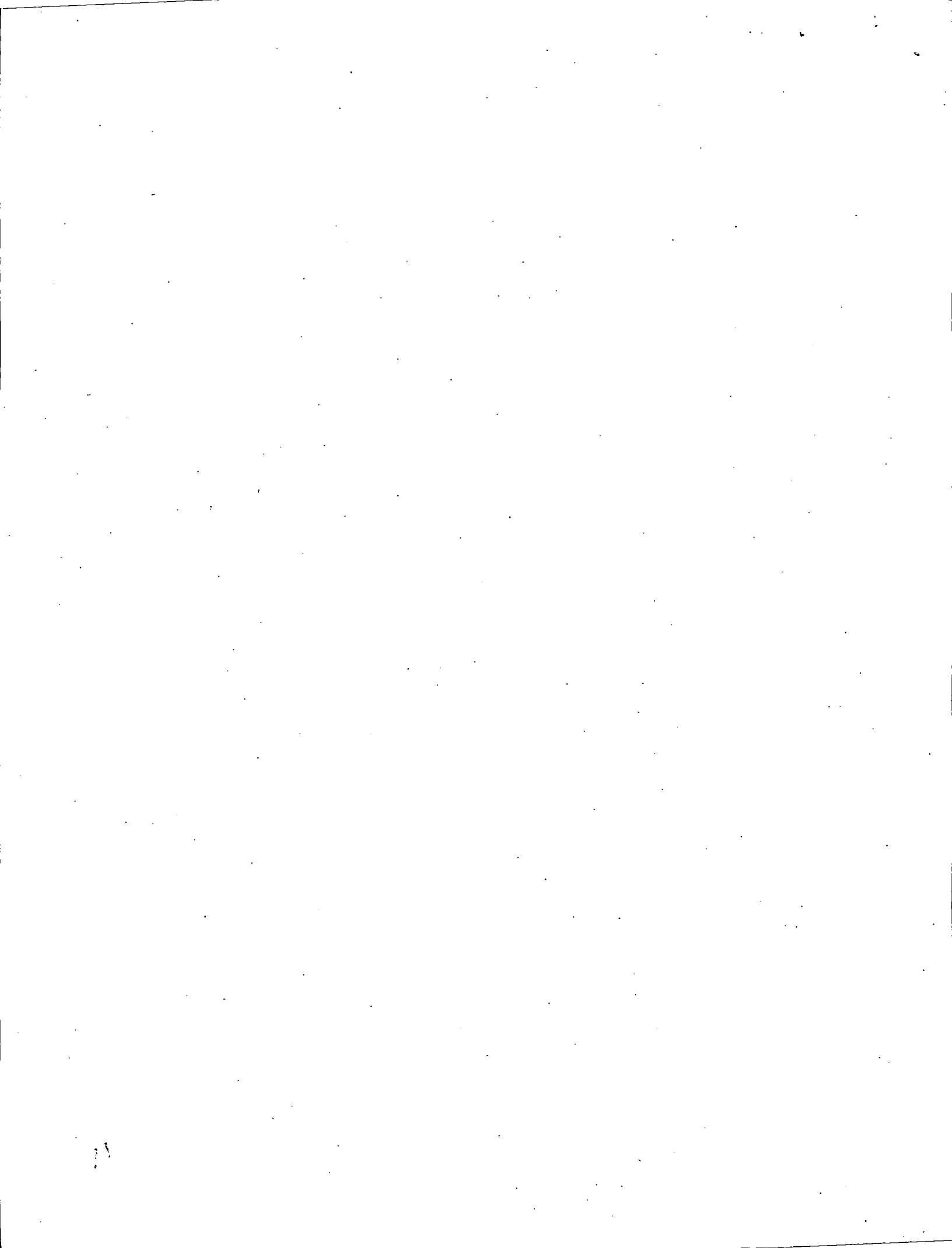
The 5 Year Forecast has been updated based on Council actions since the release of the Proposed Budget. Additionally, the 5 Year Forecast includes items which the Council will hear on June 23. The changes to the Proposed General Fund Operating Budget approved by Council through June 16 total \$260,000 (net). Additional items heard on June 23 net to \$18,000. The combined net total of these figures is \$278,000, which is less than the \$1 million of potential other impacts in the prior 5 Year Forecast. However, on-going expenses starting in FY 1990-00 related to the misdemeanor jail would limit the addition of other on-going programs.

POLICY CONSIDERATIONS

The main policy issue relative to this report is addressing current need and future needs within expected resources. The 5 Year Forecast indicates that action will be needed to bring annual resources and requirements into balance. As part of the FY 99 Midyear Review, staff will develop budget strategies to address bringing the revenues and expenditures into balance.

5 Year General Fund Financial Forecast

	1997-98 Approved	1997-98 Midyear	98-99	99-00	00-01	01-02	
1	Beginning Available Fund Balance						1,621
2	Revenues:						
3	Taxes	138,423	138,423	154,489	158,197	161,993	165,881
4	Department operating revenues	41,547	41,547	31,627	32,260	32,905	33,563
5	Intergovernmental	23,197	23,197	23,309	23,542	23,778	24,015
6	Other	3,215	3,637	3,165	3,197	3,229	3,261
7	Total Revenue	206,382	206,804	212,590	217,195	221,904	226,720
8			2.8%	2.2%	2.2%	2.2%	
9	Expenditures:						
11	Employee services	174,275	174,776	188,555	192,289	201,321	209,462
12	Services and supplies	60,668	60,668	61,495	62,110	62,731	63,358
13	Debt Service	13,839	13,839	13,881	14,000	14,000	14,000
14	Equipment	667	667	578	500	500	500
15	Transfers	(26,471)	(26,471)	(29,580)	(30,467)	(31,381)	(32,323)
16	CIP/Grant Offsets	(20,742)	(20,742)	(20,170)	(21,159)	(21,371)	(21,585)
17	Capital	4,564	4,564	940	1,000	1,000	1,000
18	Other	1,000	921	(1,446)			
19	Administrative Contingency	1,481	1,481	1,000	1,000	1,000	1,000
20	Total Expenditures	209,281	209,703	215,253	219,273	227,799	235,412
21			2.6%	1.9%	3.9%	3.3%	
22	Total other sources and (uses:)	3,820	3,899	1,058	0	0	0
23	Current Year Surplus (Deficit)	921	1,000	(1,605)	(2,078)	(5,895)	(8,692)
24	Ending Available Fund Balance	11,120	11,199	9,594	7,516	1,621	(7,071)
25	Other Potential Impacts						
26	Continue Grant Funded Police Officer			0	0	0	(8,000)
27	Public Safety Ballot Measure		
28	State VLF Impact		
29	No. Natomas Readiness			(408)	(408)	(408)	(408)
30	No. Natomas Revenue			408	408	408	408
31	Trench Cut Administration			(100)	(100)	(100)	(100)
32	Trench Cut Revenue			100	100	100	100
33	Sponsorship			(95)	95		
34	Swimming Pools Extended Hours			(80)	(80)	(80)	(80)
353	Chickory Bend Debt Service			(85)	(85)	(85)	(85)
36	<i>New Items:</i>						
37	Misdemeanor Jail			0	(1,050)	(1,050)	(1,050)
38	Stewardship Program			(40)	(40)	(40)	(40)
39	City Treasurer Re-engineering			(23)	(23)	(23)	(23)
40	Miscellaneous			(90)	(90)	(90)	(90)
41	L&L Operating Increase			135	135	135	135
42	Other			(722)	(62)	(67)	(167)
43	Subtotal Other Potential Impacts	0	0	(1,000)	(1,200)	(1,300)	(9,400)
44	Revised Cur Yr (23+43)	921	1,000	(2,605)	(3,278)	(7,195)	(18,092)
45	Ending Available w Potential Impacts	11,120	11,199	8,594	5,316	(1,879)	(19,971)



ENVIRONMENTAL CONSIDERATIONS

The ongoing administrative and maintenance activities funded under the FY 98-99 Operating Budget are not subject to review under CEQA. See CEQA Guidelines, 15378(b).

MBE/WBE

This report does not involve the purchase of goods or services.


Respectfully submitted,



Betty Masuoka
Deputy City Manager

Recommendation Approved:



 William H. Edgar
City Manager