



REPORT TO COUNCIL City of Sacramento

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

PUBLIC HEARING
May 9, 2006

Honorable Mayor and
Members of the City Council

Subject: Fiscal Year 2006/07 Proposed Budget Overview

Location/Council District: Citywide (All)

Recommendation:

Staff recommends an intent motion to approve the FY2006/07 Proposed Operating Budget.

Contact: Leyne Milstein, 808-8491

Presenters: Gus Vina, Assistant City Manager; Russell Fehr, Finance Director;
Leyne Milstein, Budget Manager

Department: City Manager's Office; Finance

Division: Budget, Policy & Strategic Planning

Organization No: 0310; 1140

Description/Analysis:

Issue: City Charter, Article IX, Section 111 requires the City Manager to deliver budget recommendations to the Mayor and City Council no later than 60 days prior to the start of the new fiscal year. The FY2006/07 Proposed Operating and Capital Improvement Program Budget documents were delivered to the Mayor and City Council on May 1, 2006. This report provides an overview of the FY2006/07 Proposed Budget.

A series of public hearings and special reports will be heard by City Council during May and June, with adoption of the Approved FY2006/07 Operating and Capital Improvement Budgets scheduled for June 20, 2006. A tentative hearing schedule is included as Attachment 1 (page 4).

Policy Considerations: This report and the recommendations contained therein are consistent with the City's sustainable budget policy and reflects the

Council's recently adopted Strategic Planning - Strategic Budgeting approach. Consistent with the Strategic Planning - Strategic Budgeting approach, the FY2006/07 Proposed Budget includes only the appropriations and estimated revenues necessary to maintain staffing levels and fund prior program and service commitments in the new year. Any budget changes, including those funded with new revenues or cost offsets within the budget will be included in the Budget only after Mayor and City Council approval in the budget hearings.

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)].

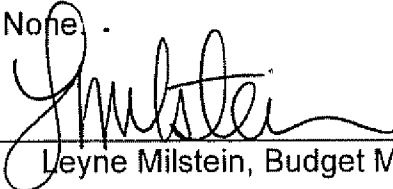
Rationale for Recommendation: Staff recommends the City Council adopt intent motions at each budget hearing in order to document and summarize Council's direction for final budget adoption.

Financial Considerations: The FY2006/07 Proposed Budget is balanced and totals \$849.7 million from all funding sources and supports 5,033 full time equivalent (FTE). The General Fund totals \$390.4 million and 3,746 FTE.

During the budget hearings the Mayor and City Council will consider modifications to the proposed budget including Mayor and Council Strategic Planning - Strategic Budgeting focus area high priorities, City Manager recommendations and other Mayor and City Council initiatives.

The source of funding for the recommendations related to the Strategic Planning - Strategic Budgeting effort is the \$7.5 million growth initiatives reserve that was established with the FY2004/05 Comprehensive Annual Financial Report . Future reports will provide information on the Mayor and City Council's prior recommendations and a summary of cost recommendations in relation to the available resources for this effort.

Emerging Small Business Development (ESBD): None .

Respectfully Submitted by: 
Leyne Milstein, Budget Manager

Approved by: 
Russell Fehr, Finance Director

Recommendation Approved:

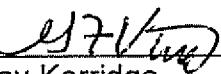

Ray Kerridge
City Manager

Table of Contents:

Pg 1- 3 Report

Pg 4 Attachment A: Tentative Hearing Schedule

Pg 5 Attachment B: Presentation Slides

PROPOSED FY2006/07 BUDGET - CITY COUNCIL HEARING SCHEDULE

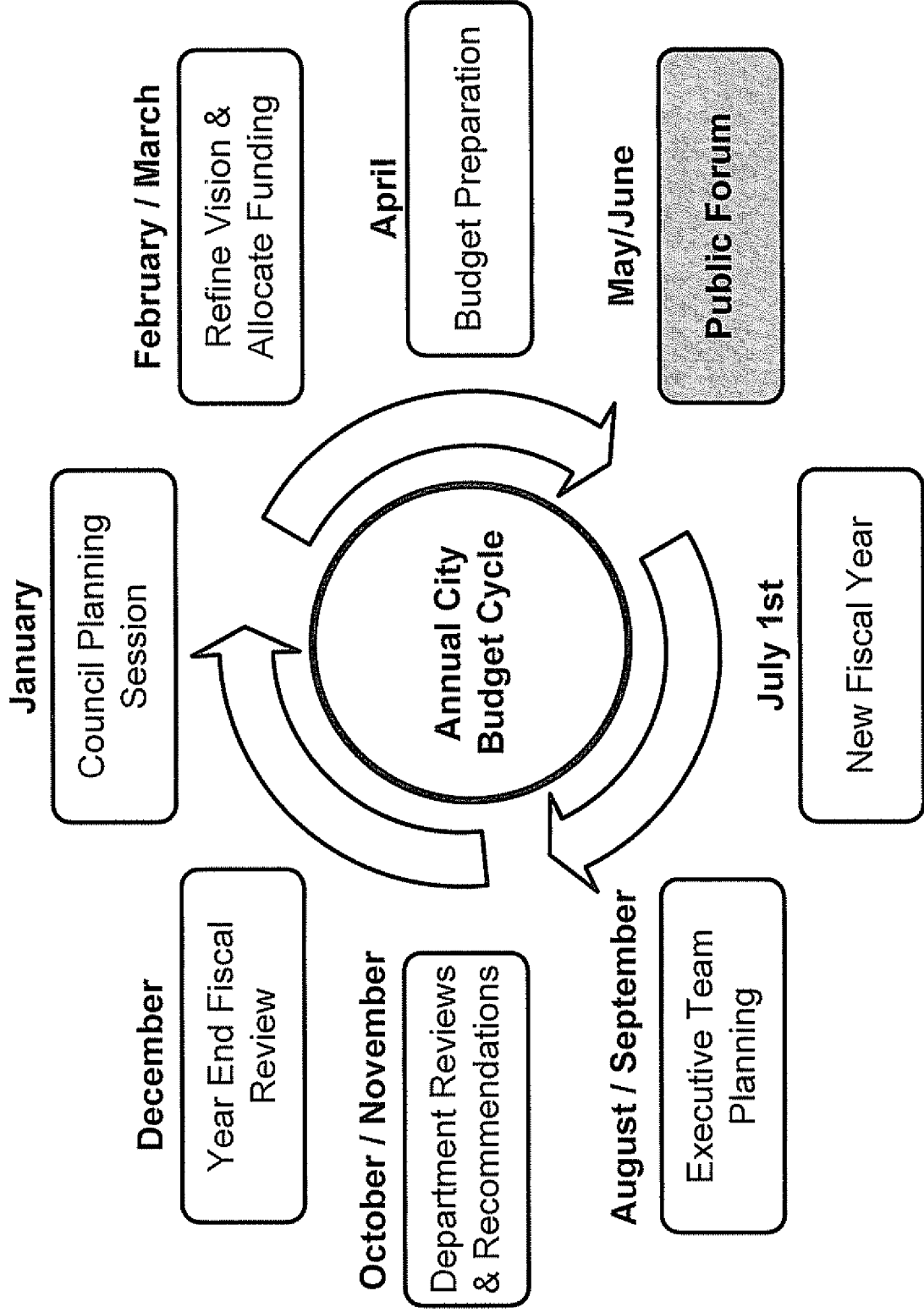
(APRIL 19, 2006)

Date	Afternoon Meeting	Evening Meeting
Tuesday, May 9		<p>Budget Hearing FY07 Proposed Budget New Process Decision Making Background</p> <p>General Fund Overview Big picture – high level assumptions Summary appropriation Intent motion to adopt base budget</p>
Tuesday, May 16	<p>Budget Hearing Operating Department Initiatives (Excluding Utilities)</p>	<p>Strategic Planning Overview</p> <p>Strategic Plan Focus Area Presentation Sustainability & Livability Affordable Housing</p>
Tuesday, May 23	<p>Budget Hearing Capital Improvement Program (All)</p>	<p>Strategic Plan Focus Area Presentation Economic Development Culture and Entertainment</p>
Tuesday, May 30	<p>Budget Hearings Special Presentation: Future Budget Issues – SCERS, Retiree Health Benefits</p>	<p>Strategic Plan Focus Area Presentation Public Safety</p>
Thursday, June 8	<p>Budget Hearings Special Presentation: – Neighborhood Services Reorg. – Matrix Citywide – Revitalization Corporation – Internal Auditing</p>	<p>Budget Hearings</p> <p>Enterprise Funds Overview Big picture – high level assumptions Rate Hearing Utilities Department Initiatives</p>
Tuesday, June 13	<p>Budget Hearings Hold</p>	<p>Budget Hearing Budget Summary</p>
Tuesday, June 20		<p>FY2006/07 Budget Adoption</p>

FY2006/07 City of Sacramento Proposed Budget Overview

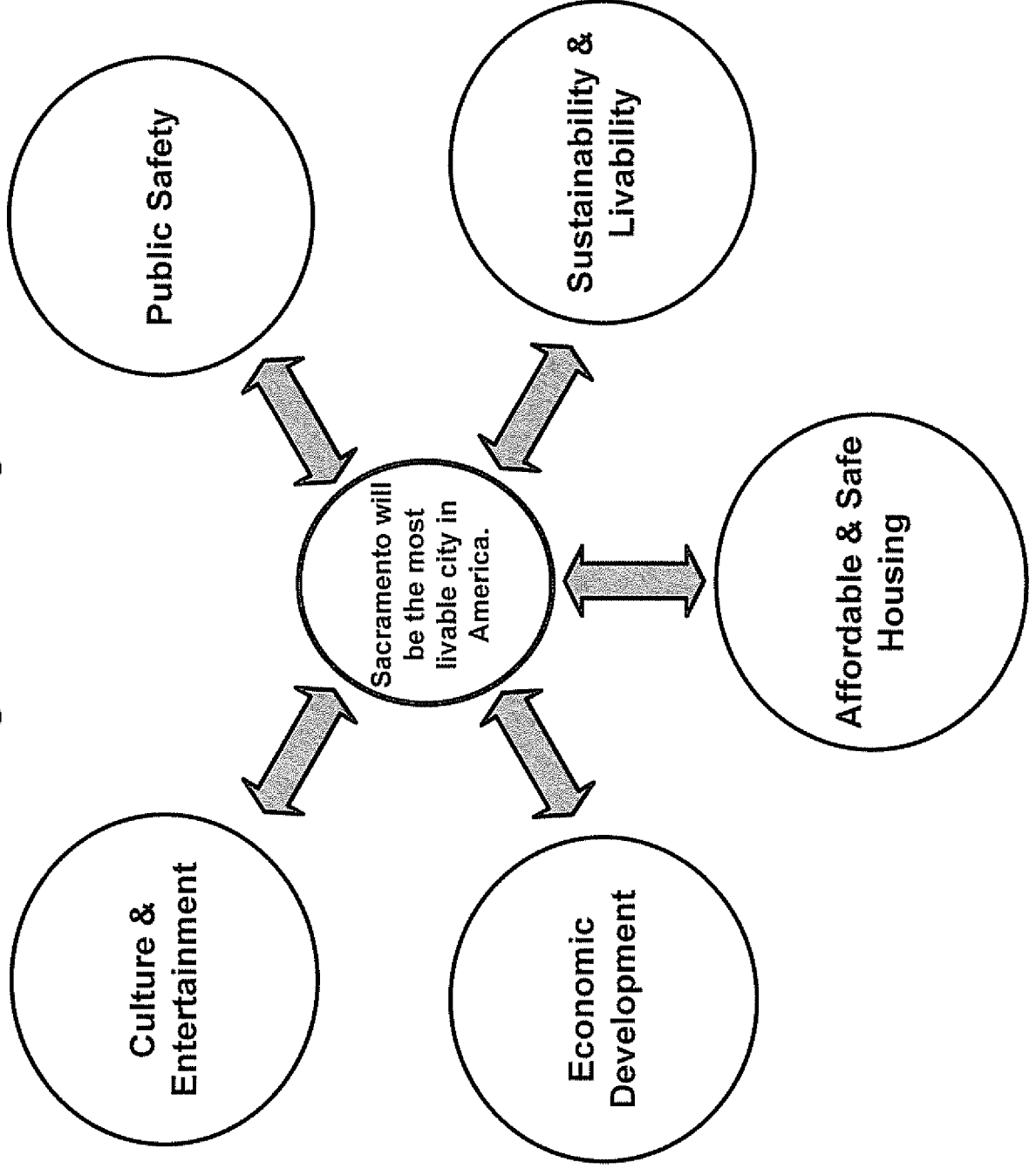
May 9, 2006

CITY OF SACRAMENTO BUDGET CYCLE



Building Sacramento's Blueprint...

Strategic Planning Model



Strategic Planning – Strategic Budgeting
Funding Model (Example)

\$7.5 Million

	FY07	FY08	FY09	Total
Ongoing	1,200	1,260	1,323	3,783
One-time	3,717	-	-	3,717
Total	<u>4,917</u>	<u>1,260</u>	<u>1,323</u>	<u>7,500</u>

City Fiscal Position

- Sacramento is in a good fiscal position
- Sustainable budget policies
- Conservative budgeting
- Expenditure certainty
- Strong revenue growth
- Five year forecast
- Strategic accumulation & use of reserves

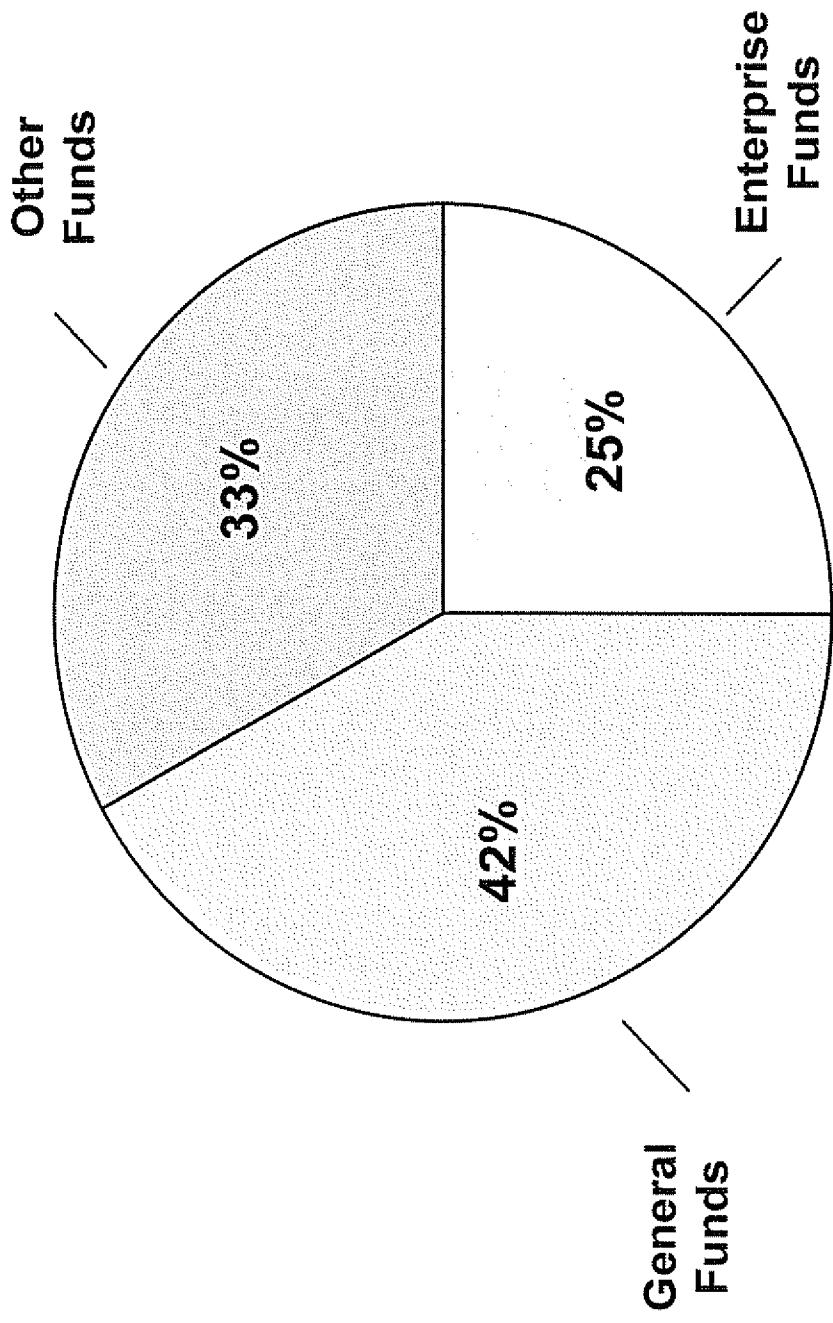
Proposed FY2006/07

Base Budget

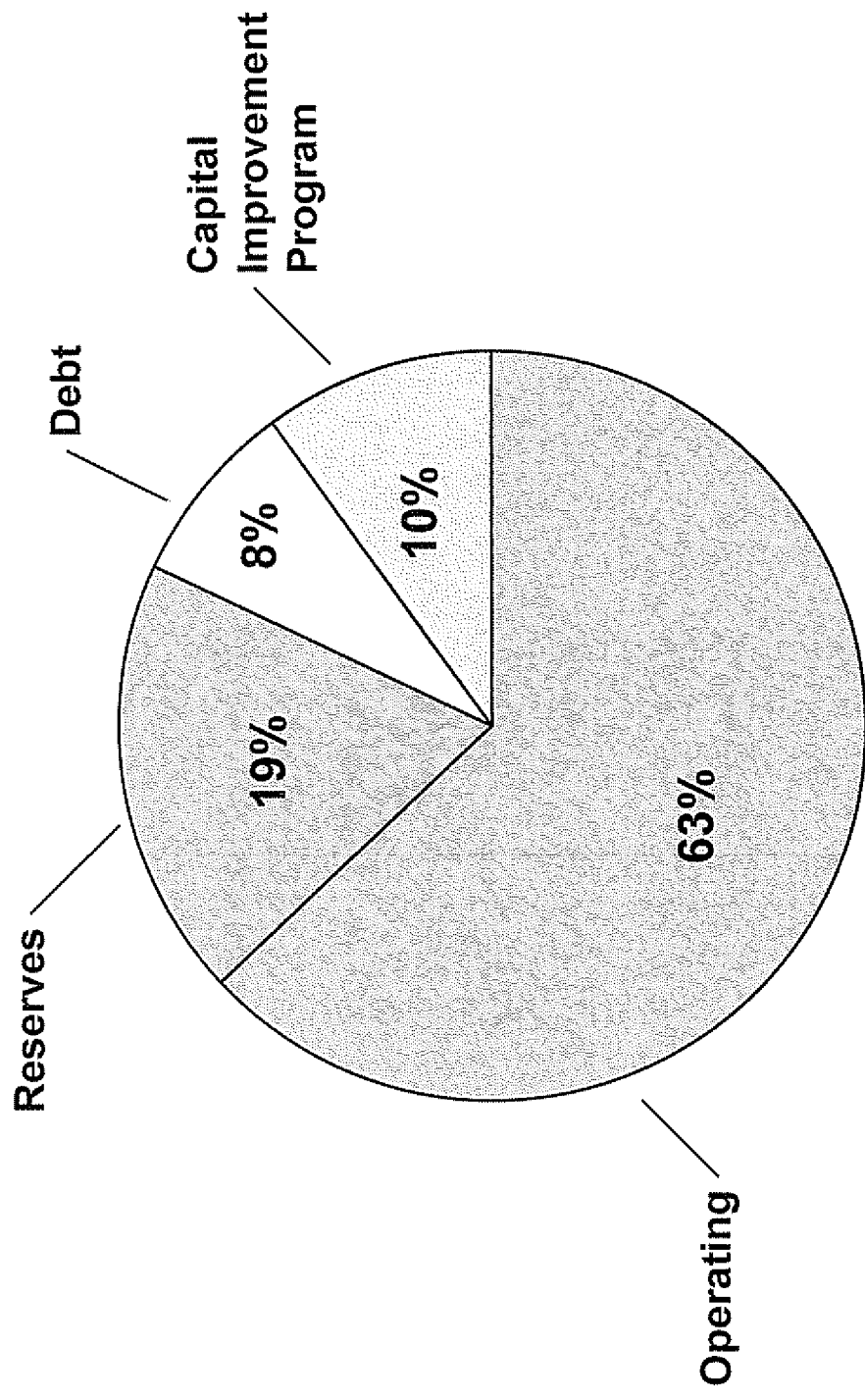
- \$849.7M – All City Funds
√5,033 full time equivalent positions (FTE)
- \$61.8M Increase from FY06 Approved Budget
√168 FTE
- \$390.4M – General Fund
√3,746 FTE
- \$38.5M Increase from FY06 Approved Budget
√152 FTE

Proposed Total City Budget

Revenues \$849.7 Million

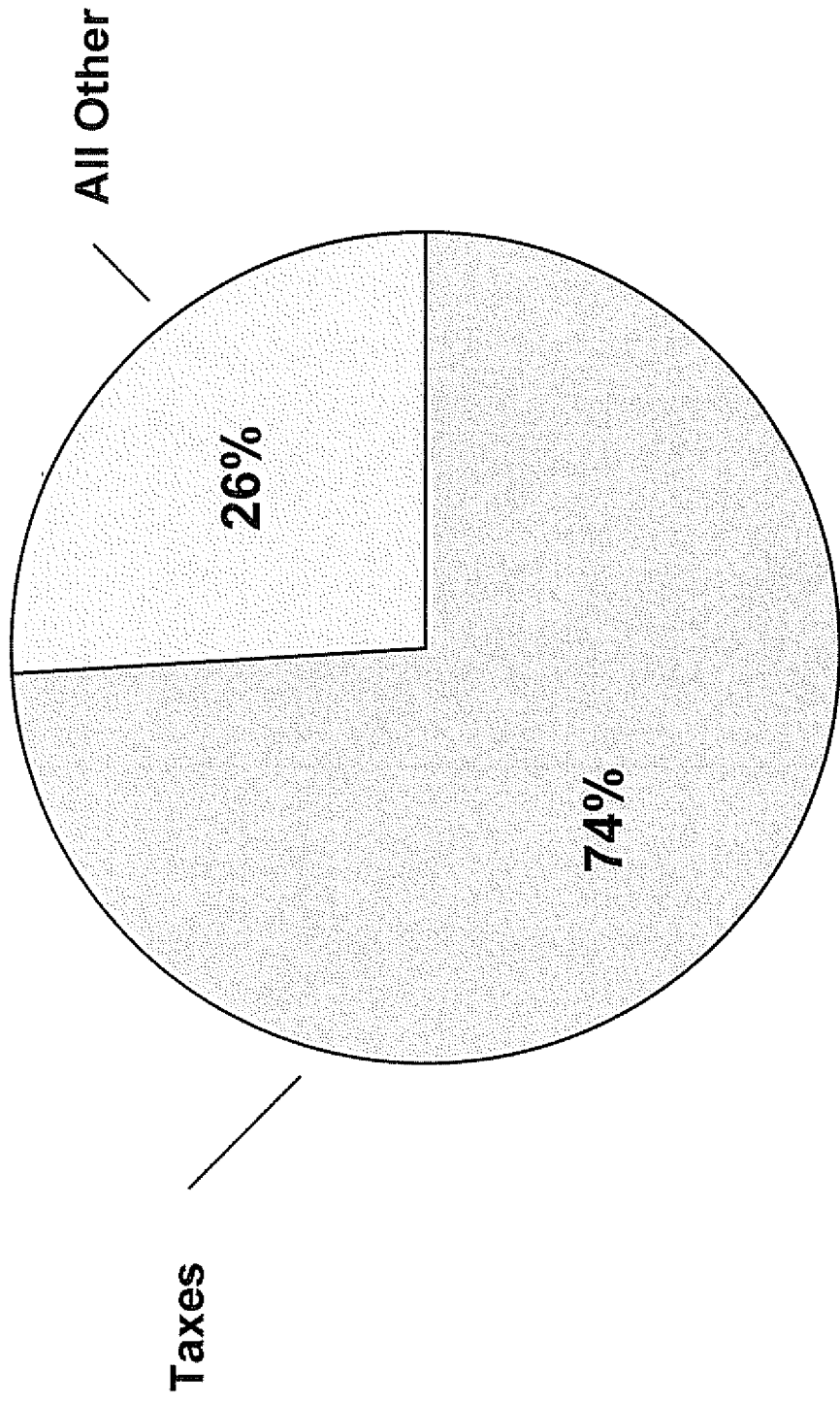


Proposed Total City Budget Expenditures \$849.7 Million



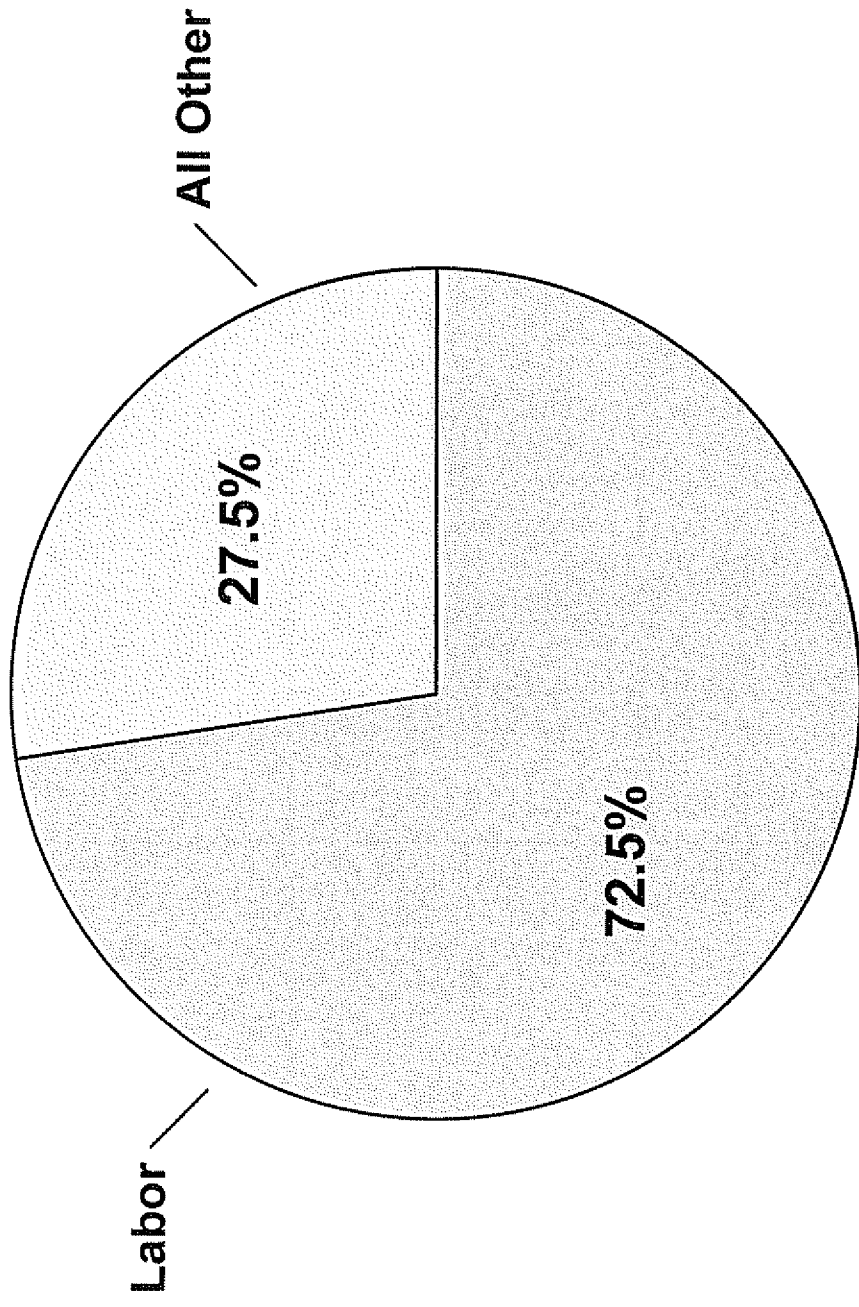
Proposed General Fund

Revenues \$390.4 Million



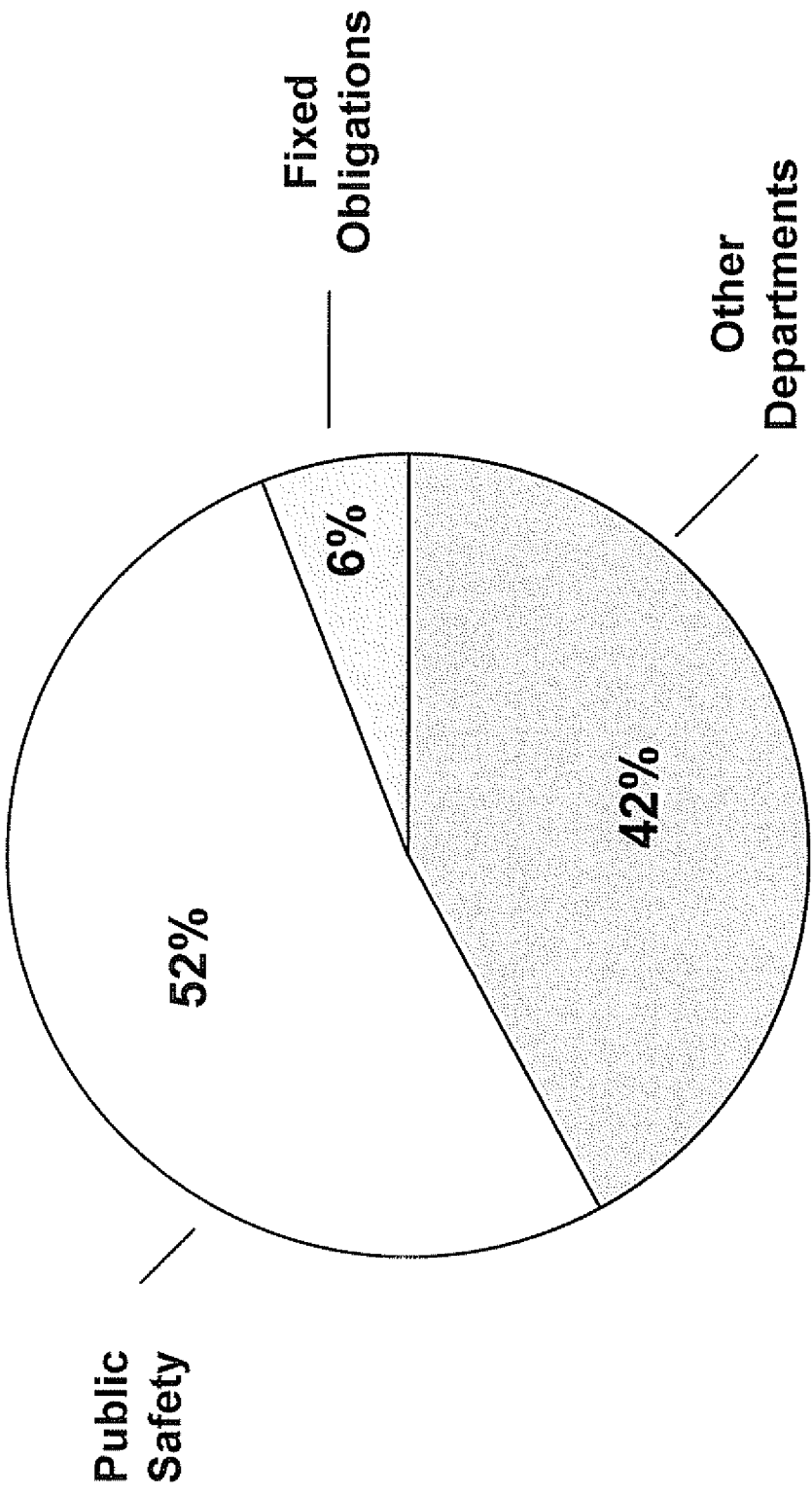
Proposed General Fund

Expenditures \$390.4 Million



Proposed General Fund

Expenditures \$390.4 Million



5 Year Forecast

(\$ in millions)

