

OFFICE OF THE
CITY MANAGER

CITY OF SACRAMENTO
CALIFORNIA

May 1, 1998

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City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: TRANSMITTAL OF THE PROPOSED 1998-99 OPERATING
BUDGET AND CAPITAL BUDGETS AND THE 1998-2003
CAPITAL IMPROVEMENT PLAN

LOCATION AND COUNCIL DISTRICT: Citywide

RECOMMENDATION:

This report is for information and for the purpose of formally transmitting the Proposed 1998-99 Operating and Capital Budgets to City Council as required by the City Charter.

CONTACT PERSON: Betty Masuoka, Deputy City Manager, 264-5738
Mike McGrane, Budget Manager, 264-5847

FOR THE COUNCIL MEETING OF: May 7, 1998

SUMMARY:

This report transmits the Proposed 1998-99 Operating and Capital Improvement Budgets as well as the 1998-2003 Capital Improvement Plan to the City Council.

BACKGROUND:

- The Proposed FY 1998-99 Operating Budget net total is \$433,962,000 from all sources. This includes adjustments as required by labor agreements or prior City Council action. The Proposed 1998-99 Capital Improvement Budget is \$58,761,309 from all sources. The Proposed 1998-2003 Capital

Improvement Plan totals \$382,920,469 from all sources for the five year period.

- Based on the potential future impacts and in keeping with the 5 Year Workout Financial Plan, at midyear budget review City Council directed a 'status quo' approach to developing the budget for 1998-99.
- The 'Status Quo' budget is represented by:
 - 1998-99 Proposed Operating Budget:
 - No new programs;
 - No new positions;
 - Sustain current service and program levels;
 - No city operated utility rate increases;
 - Continue the budget balancing reductions and efficiencies adopted following the Sacramento Decisions process;
 - Continue the 5-Year Workout Financial Plan adopted by City Council in June, 1997.
 - 1998-99 Proposed Capital Improvement Budget:
 - No new General Fund Projects;
 - No new General Fund debt issuance;
 - No change in the General Fund contribution;
 - No city operated utility rate increases.
- The City's continued financial constraints and potential future impacts make it difficult to meet the increasing needs and service requirements of our community. Future potential impacts include not only the outcome of Measure I but also a variety of other items including State legislation, the continuation (or not) of police grants and the funding of priorities outside of the status quo budget (such as the misdemeanor jail).
- Budget hearings/workshops start May 12. Council must adopt a balanced budget by no later than June 30.

FINANCIAL CONSIDERATIONS

This report is for information only. Specific recommendations will be presented to Council during the hearings on the proposed budget and in the context of special staff reports during that period.

POLICY CONSIDERATIONS

The Proposed 1998-99 Operating and Capital Budgets are balanced and transmitted to City Council consistent with the requirements of the City Charter. The proposed budgets are consistent with the City Council policy adopted at midyear which directed:

- Status quo General Fund budget
- No rate increases for city operated utilities
- Use of reserves should Measure I fail.

ENVIRONMENTAL CONSIDERATIONS

Environmental review under the California Environmental Quality Act (CEQA) for any project which utilizes funds allocated under the FY1998-99 budget has been or will be performed in conjunction with planning, design, and approval of each specific project as appropriate. The ongoing administrative and maintenance activities funded under the FY1998-99 budget are not subject to review under CEQA. See CEQA Guidelines, 15378(b).

MBE/WBE EFFORTS

The budget itself does not implement the purchase of goods or services. Contracts awarded with funds authorized in the budget will be meet with the City's requirements under this program.

Respectfully submitted,



WILLIAM H. EDGAR
City Manager

Attachments:

Attachment A – Budget Presentation Overheads

City of Sacramento

Fiscal Year 1998-99 Proposed Budget

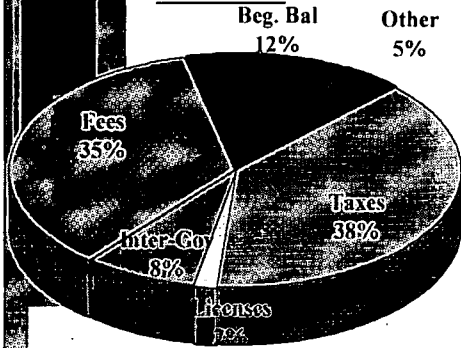
May 7, 1998

FY 99 Budget

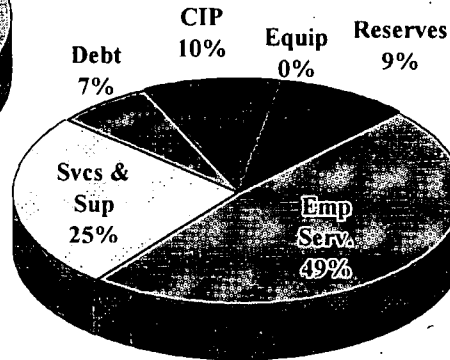
- *Status Quo - Existing programs and service levels continue*
- *No new programs, no new positions, no city utility rate increases*
- *Funding updated to reflect adjustments as required by labor agreements*
- *Measure I Key to 5-Year Outlook*

Total City Budget: \$434 million

Revenues

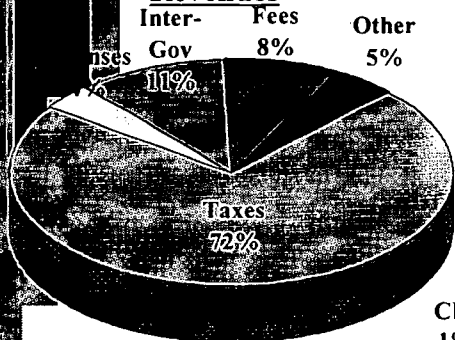


Expenditures

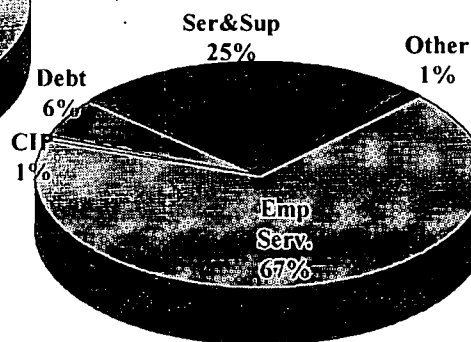


General Fund: \$215 million

Revenues

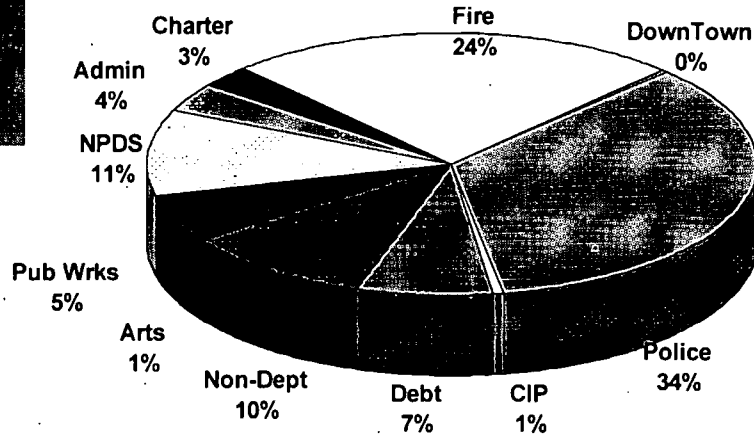


Expenditures



FY 99 Expenditures

General Fund: \$215 million



General Fund 5 Year Projection "Status Quo"

5-Year Outlook:

	97-98	98-99	99-00	00-01	01-02
Beg. Fund Bal	10.1	11.2	9.6	7.5	1.6
Revenues	206.8	212.6	217.1	221.9	226.7
(Expenditures)	209.7	215.3	219.3	227.8	235.4
Other Sources	3.9	1.1	0.0	0.0	0.0
Current Yr Bal	1.0	-1.6	-2.1	-5.9	-8.7
Cumm. Fund Bal	11.2	9.6	7.5	1.6	-7.1

General Fund 5 Year Projection "Status Quo"

- *5 Year Outlook updated with more current information*
- *Expenditures growing faster than Revenues by 1%/year*
- *Annual imbalances offset from reserves through FY 2000-01*
- *Budget Cuts may be needed by FY 2001-02*

General Fund 5 Year Projection with "Potential Impacts"

■ *5-Year Outlook:*

	97-98	98-99	99-00	00-01	01-02
Measure I Fails	0.0	-10.5	-10.5	-10.8	-11.1
Adj. Cumm. Fund Bal.	11.2	-0.9	-13.5	30.2	-50.0
Other Potential Impacts	0.0	-2.8	-4.2	-2.8	-9.5
Total Potential Balance	11.2	-3.7	-17.7	-33.0	-59.5

General Fund 5 Year Projection with "Potential Impacts"

- *Measure I key to 5 year outlook*
- *Reserves available to cover offset in
FY 1998-99*
- *Permanent solutions needed before
FY 1999-00*
- *Gap exacerbated if police grant
funding ends in FY 2001-02*

Measure I

- *If Measure I passes:*
 - *No change in city services*
 - *No change in city utility bills*
- *If Measure I fails:*
 - *Midyear Council Policy*
 - *Use reserves to balance FY 1998-99*
 - *Use 1998-99 to develop solutions*

1998-2003

Capital Improvement Program

- *5 Year CIP Totals \$384 million*
- *Return to five year document format*
- *SHRA Projects included for the first time*
- *Continued emphasis on maintenance and rehab of existing facilities and infrastructure*

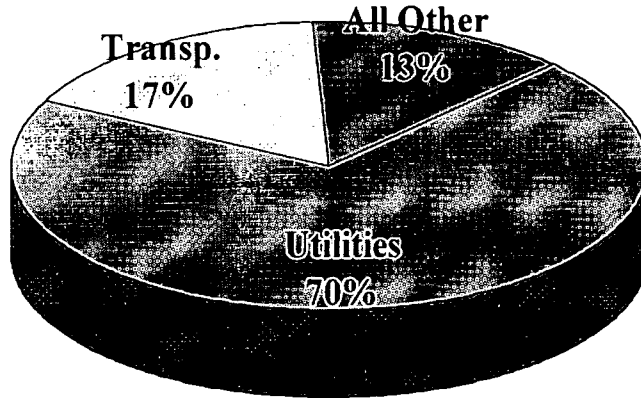
1998-2003

CIP General Fund

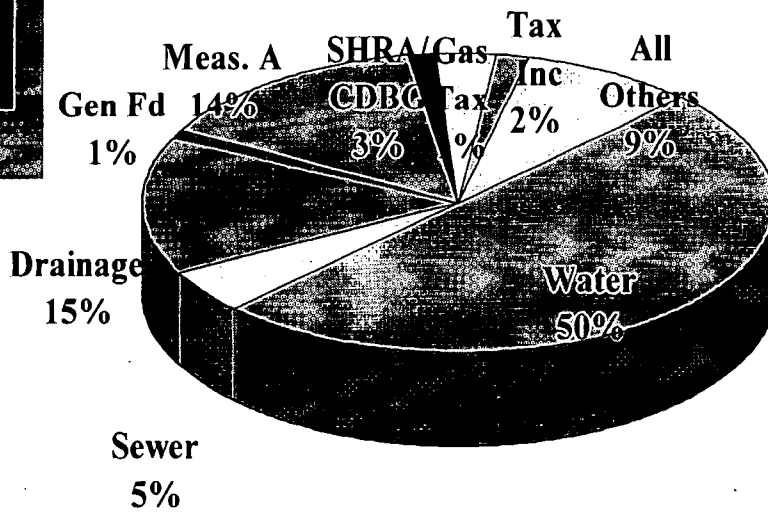
- *Status Quo General Fund*
 - *No New Projects*
 - *No Change in Funding Level*

*5 Year Capital Improvement Program
by Program: \$384 million*

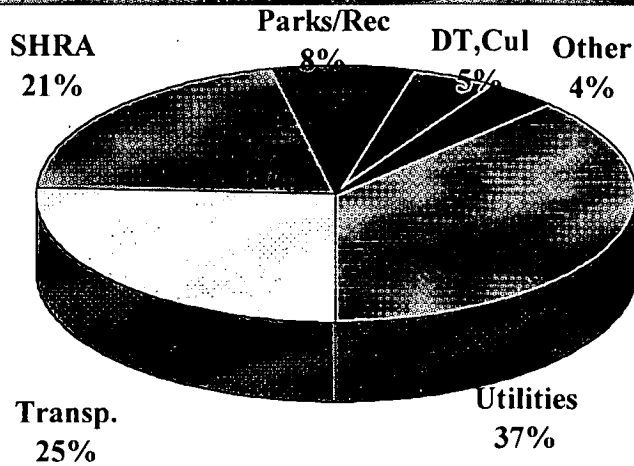
5 Year CIP



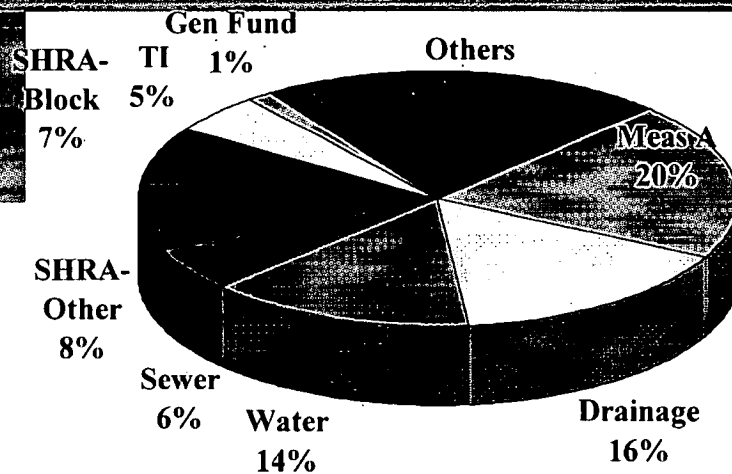
*5 Year Capital Improvement Program
by Fund: \$384 million*



*FY 99 Capital Improvement Program
By Program: \$59 million*



*FY 99 Capital Improvement Program
By Fund: \$59 million*



1998-2003

CIP Other Programs

- *Transportation funding shift to maintenance focus*
- *Transportation Workshop and funding allocation concept during the budget hearings*
- *Water includes expansion of the two water treatment plants*
- *Sewer & Drainage focus on flood protection and upgrading infrastructure*
- *Other major projects include Granite Park development, parking garage structural repairs, and Del Paso Nuevo*

Budget Hearing Schedule

- | | |
|---|--|
| ■ <u>May 7 - afternoon</u> <ul style="list-style-type: none">• <i>Brief Overview</i> | ■ <u>June 16 - afternoon</u> <ul style="list-style-type: none">• <i>CIP Continued</i>• <i>Operating Budget</i>• <i>Departmental Adjustments</i>• <i>Fee Changes</i> |
| ■ <u>May 12 - afternoon</u> <ul style="list-style-type: none">• <i>Downtown</i> | ■ <u>June 23 - afternoon</u> <ul style="list-style-type: none">• <i>Operating Budget(cont.)</i>• <i>Nov. Ballot Measure</i> |
| ■ <u>May 26 - afternoon</u> <ul style="list-style-type: none">• <i>Parking Workshop</i> | ■ <u>June 30 - adopt budget</u> |
| ■ <u>May 26 - evening</u> <ul style="list-style-type: none">• <i>Transportation</i> | |
| ■ <u>June 4 - afternoon</u> <ul style="list-style-type: none">• <i>Transportation</i> | |
| ■ <u>June 9 - afternoon</u> <ul style="list-style-type: none">• <i>CIP</i> | |