

CITY OF SACRAMENTO
CALIFORNIA

OFFICE OF THE
CITY MANAGER

June 13, 1980

CITY HALL
915 I STREET - 95814
(916) 449-5704

City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: Recommendations of the City Council's Budget and Finance Committee
Regarding the 1980-81 Preliminary Budget

SUMMARY

The City Council's Budget and Finance Committee has completed its review of the 1980-81 Preliminary Budget. This report summarizes the major changes in the City's fund balances, revenues and expenditures. After considering the failure of Proposition 9, the Committee took action restoring certain budget cuts included in the original preliminary budget submission. The Committee also considered uncertainties of the local economy, the possibility of Federal cutbacks, and other factors in their deliberations prior to making a final decision.

It is recommended that the City Council review the Committee's work and take action modifying and/or approving the proposed budget and directing the staff to return with a resolution June 24, 1980 for the 1980-81 Fiscal Year.

BACKGROUND INFORMATION

Following the presentation of the Preliminary Budget on April 15, 1980 the Budget and Finance Committee conducted numerous hearings for the purpose of reviewing the Preliminary Budget. After reviewing the Budget and all of the supplemental reports and receiving testimony the Committee recommended specific revisions to the Budget document. The Committee devoted eight (8) meetings involving nearly 35 hours to review of the Preliminary Budget. This, of course, was in addition to the time and effort that the Committee members spent privately studying the material and discussing particular matters of interest with the staff.

Over fifty supplemental reports were prepared by the staff in response to questions of the Committee and many other informal suggestions regarding format and supplemental information. All of these changes will be included in the final budget document. These supplemental reports are on file in the Mayor/City Council office for the convenience and information of the members of the City Council.

The review by the Committee was efficient, comprehensive and thorough given the legislative constraints of Propositions 13, 4 and 9. With the failure of Proposition 9 the Committee has acted promptly to make limited restoration of previous budget cuts to allow the City's fund balance to maintain the same approximate level that we now anticipate at the end of the 1979-80 Fiscal Year.

The restorations mitigate the major reductions in service level cuts proposed in the original preliminary budget submission.

FINANCIAL ASSUMPTIONS

Although Proposition 9 has failed, the financial problems of the City are not behind us. Certain external circumstances will adversely affect City revenues. As the recession deepens, impacts of Proposition 13 and 4 become more apparent, prospects for continued State assistance become less positive, and Federal cutbacks become more severe. The financial problems of the City will become more pronounced and will require greater attention by both the City Council and the staff.

Changes to 1979-80 Financial Assumptions

With respect to this fiscal year (1979-80), the Finance Department has revised its revenue forecast downward by almost \$1.3 million in the General Fund and \$1.0 million for all funds, primarily due to the revenue shortfalls in the construction related revenue sources.

In addition, the expenditures forecast for 1979-80 has also been revised resulting in greater expenditures than originally projected in the 1980-81 Preliminary Budget by about \$.5 million.

The impact of these changes upon the City's fund balances for 1979-80 is significant. As you recall, we projected in the 1980-81 Preliminary Budget a fund balance erosion of \$4.3 million in the General Fund and \$7.4 million in all funds for the period 6-30-79 to 6-30-80. The current projections of the Finance Department will mean that this erosion will increase by \$1.8 million in the General Fund to a level of \$6.1 million and by \$2.6 million in all funds to a total of \$10.0 million. Again, the staff is not concerned about the level of fund balances at this time; even with these changes the current levels of the City's fund balances are good. The trend is the concern. With this much fund balance erosion in one year, it's obvious that we are spending more than we are receiving in a single year. This trend must be stopped (or at least slowed) in order that the City's revenue growth can begin to keep pace with its expenditure growth.

Changes to 1980-81 Financial Assumption

With regard to the 1980-81 Fiscal Year the Finance Department has also revised its revenue forecasts. Here again, the current forecast shows a revenue shortfall of \$1.1 million in the General Fund and \$.5 million for all funds below what was anticipated in the 1980-81 Preliminary Budget. This shortfall is primarily due to the decline in construction-related revenues now projected to be below this years (1979-80) by 18%.

The off-set to these shortfalls is the restoration of \$5 million to the revenue side of the budget because of the failure of Proposition 9. In addition interest income will increase by 25% during the year. Obviously, this improves the revenue picture and enables the City Council to consider restoring some of previous budget cuts. It should be kept in mind that the uncertainties of the local economy, the uncertainty of continued State assistance, and possible federal cutbacks might result in the worsening of these revenue projections during the fiscal year. At the time this occurs we will simply have to adjust. We intend to use the administrative contingency budget if adjustments are required.

As for proposed expenditures for 1980-81, we are recommending a limited restoration of previous budget cuts to allow the City's fund balances to maintain the same approximate level that we now anticipate at the end of this year (1979-80).

Assuming that current revenue projections, including the restoration of the \$5 million are accurate, and the partial restorations of previous budget cuts are adopted the fund balance for the General Fund will maintain a level of \$6.4 million by the end of 1980-81. A level of \$17.6 million will be maintained for all funds for the same period.

These do not include expenditure estimates from the administrative contingency. If expenditures are made for this budget unit, fund balances would have to be lowered accordingly. So for the 1979-80 Fiscal Year we are projecting expenditures of almost \$2 million from the administrative contingency for unanticipated expenditures and emergencies.

In addition, the 1980-81 fund balances will be lowered further if the City Council were to grant salary increases over and above those included in the 1980-81 Preliminary Budget.

SUMMARY OF FINANCIAL ASSUMPTIONS

The following is a summary of the changes in financial assumptions:

- . Fund balance erosion will approximate \$6.1 million in the General Fund and \$10.0 million for all funds during 1979-80.
- . Revenue projections are now thought to be realistic although the uncertainties of the local economy, future State assistance, and Federal cutbacks could alter the forecast again.
- . Federal cutbacks seem certain and the preliminary estimate of a 21.5% reduction for C.E.T.A. has been included in our current financial forecast.
- . In order to protect the level of the City's fund balances and prevent further erosion, only a partial restoration of previous budget cuts has been recommended.

- . We have not projected any expenditures from the administrative contingency or additional salary increases over those in the 1980-81 Preliminary Budget during 1980-81 which would reduce fund balance further than we have anticipated.
- . If the revenue projections are accurate, if only a partial restoration of previous budget cuts is adopted, if no expenditures are made from the administrative contingency, and if revenue projections are correct, fund balances at the end of 1980-81 will maintain the same approximate level that we are now projecting for the end of 1979-80.

BUDGET SUMMARY

Attachment 1 is a summary of the Budget and Finance Committee's deliberations on the 1980-81 Preliminary Budget. It details by budget unit the action taken by the Committee on the recommended restoration needs by the City Manager, it lists the increases and decreases, the amended preliminary budget after review, and lists all of the reports generated in response to the Committee's directions.

Attachment 2 summarizes the City's proposed fees and charges increases: (a) approved by the City Council; (b) those items recommended for approval by the Committee; and (c) those items where Committee action is still pending.

Attachment 1 reflects all actions approved unanimously by the Budget and Finance Committee and the following sections describe the remaining policy issues and pending reports.

POLICY CONSIDERATIONS

During the course of the Committee hearings there were numerous policy issues that were discussed and voted upon. The following is a brief summary of the major ones:

1. Mayor/Council

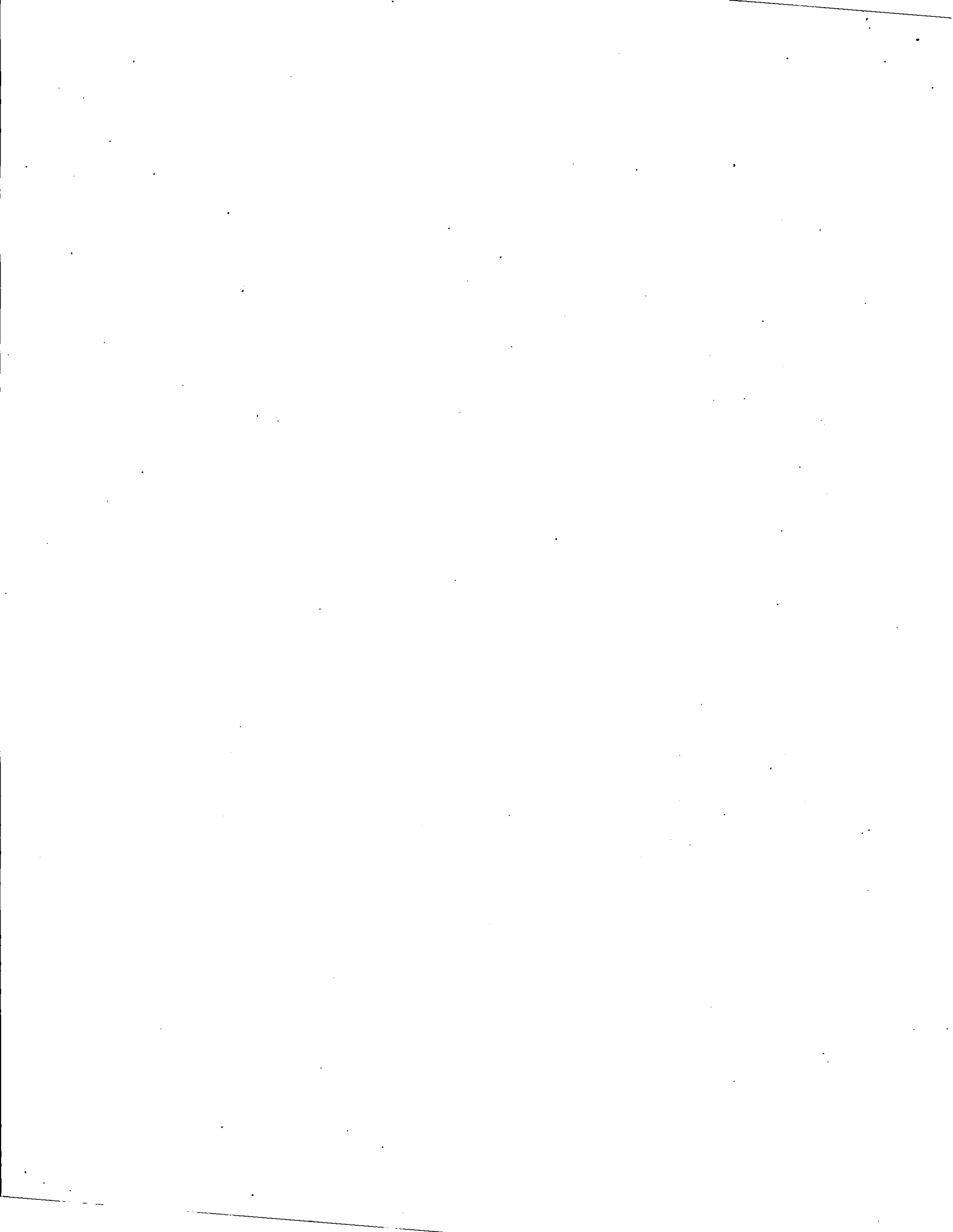
The Mayor's budget was approved on a split vote.

2. City Manager

The City Manager's budget was approved on a split vote.

3. City Treasurer

A motion was made to include an additional account clerk position however the motion did not receive a second. The Committee did request to consider the issue of reclassification of the current secretary position in mid-July 1980.



4. Planning

The proposed reorganization was approved conceptually subject to review of proposed procedure changes by the Architectural Review Board and Preservation Board. In addition the proposed reorganization is to be reviewed by the Planning/Community Development Committee. The proposed fee increases were deferred for two weeks.

5. Police

- a. Administrative Services - In addition to the Manager's recommended restorations, the Committee on a split vote restored two civilian I.D. technician positions.
- b. Investigations - In addition to the restoration of 9 sworn officers, the Committee added two sworn officers for the child abuse unit.

6. Building Inspections

The Committee restored one inspector position for the sign ordinance enforcement program. The Committee also requested a quarterly status report regarding implementation of this program be submitted to the Council.

7. Traffic Engineer

The Committee discussed the restoration of two maintenance positions and supplies to maintain status quo level of repairs, maintenance, but took no action due to a vote of two ayes, two noes.

8. Animal Control

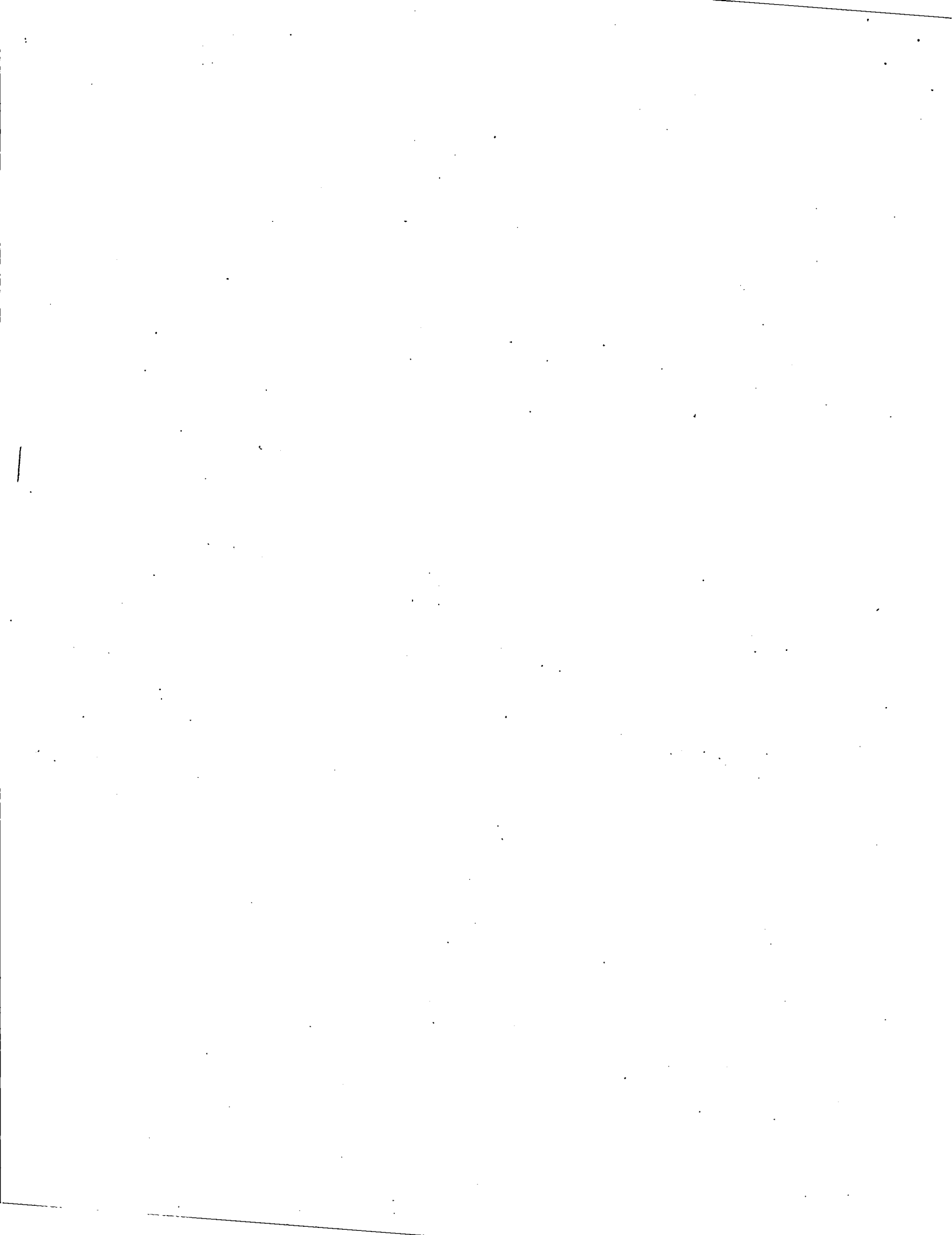
The Committee approved this budget unit as proposed and requested a report back regarding the potential for an Animal Control Officer position.

9. Boat Harbor

The issue of proposed fee increase was deferred until a survey regarding prioritization of harbor capital improvements by patrons is completed and related to the possible levels of fee increases.

10. Parks

The issue of exemption of permit fees in City parks for first amendment related activities was deferred for two weeks.



11. Contribution to Other Agencies

The budget amount of \$200,000 was reduced by \$75,000 which was appropriated to the Camellia City Center (\$53,000) and Open Ring Galleries (\$22,000). These two organizations are to be included in the Community Services Department budget (Camellia City Center in the Recreation Division and Open Ring Galleries in the Metropolitan Arts Division). The budget amounts are tentative subject to Committee review in two weeks.

12. Entertaining and Advertising

A motion was made to include funding for the annual Chamber of Commerce Washington, D.C. trip, however, the motion did not receive a second.

13. General Budget

- a. Compensation for City Boards and Commissions - The Committee restored the compensation for all City boards and commissions.
- b. Compassionate Lay-off Program - The Committee requested the report regarding a compassionate lay-off program for proposed 1980-81 personnel reductions be revised to reflect the 1980-81 budget as recommended by the Committee.

PENDING REPORTS

In addition to the above mentioned revisions and policy matters that are being recommended by the Budget and Finance Committee the following reports were requested to be prepared and/or heard at a later date:

1. Report on the potential for combining City utility billings with SMUD, Regional Sanitation, etc.
2. City/SMUD report regarding energy conservation associated with water production pumps.
3. Regional Sanitation District Budget Document for FY 1980-81.
4. Report regarding comparison of City response times to other jurisdictions, and effect of the 4-10 Plan and staffing additions have had on response times in the first three months of 1980.
5. Report regarding contracting for landscaping services, i.e. parking facilities.
6. Listing of services/supplies excess of \$5,000 for Facility Maintenance.
7. Report regarding Associate Engineer position for Energy Conservation Programs.
8. Policy regarding potential use of Transient Tax for community organizations.

9. Report regarding form for RFP for Contributions to Other Agencies.
10. Report regarding potential for additional position in Animal Control.
11. Report regarding reclassification of City Treasurer's secretary position.
12. Report on City Boards and Commissions that meet more than once a month.
13. 1980-81 Management Leave Time Appropriations.
14. Revision to the Proposed 1980-81 Compassionate Lay-off Program based on the revised Preliminary 1980-81 Budget.
15. Proposed Fee Increases: Planning Department
16. Exemption Permit Fees in City Parks for First Amendment Activity.
17. Resubmittal use of the 2% Art in Public Places Program to finance the Metropolitan Arts Commission.

RECOMMENDATION

It is recommended that:

1. The City Council review, modify and/or approve the attached proposed budget submission.
2. The City Council review and make revisions necessary to resolve the various policy issues raised in this report and set forth above.
3. The City Council make their determination in accordance with the following timetable:
 - a. June 17, 1980 - The City Council receives, reviews the report from the Budget and Finance Committee and takes action to modify or approve the budget. Directs the staff to return with the approved budget and resolution at the next Council meeting.
 - b. June 24, 1980 - Final City Council action on 1980-81 Operating Budget.

Respectfully submitted,

William H. Edgar

William H. Edgar
Assistant City Manager

Recommendation Approved:

Walter J. Slupe

Walter J. Slupe
City Manager

CITY OF SACRAMENTO
SCHEDULE OF CITY COUNCIL ACTION
ON THE FINAL OPERATING BUDGET
FY 1980-81

ATTACHMENT I

Pre. Budget Page Ref.	Organization	Preliminary Budget	Manager's Recommended Restorations of Preliminary Budget Cuts	Committee Action		Amended Preliminary Budget	Changes for Final Budget				Final Budget	Followup Report #	
				Increase	Decrease		Negotiated Salary & Benefit Increases	Other Employee Service Changes	Other Increases	Other Decreases			
GENERAL GOVERNMENT													
C-3	Mayor/City Council	\$ 194,620	\$ -0-	\$ -0-	\$ -0-	\$ 194,620							11
C-6	City Manager	484,262	37,786	37,786	-0-	522,048							15
C-10	City Attorney	439,598	731	731	-0-	440,329							
C-13	City Clerk	124,642	-0-	-0-	-0-	124,642							
C-16	City Treasurer	227,254	960	960	-0-	228,214							12-13, 33-35
C-20	Data Processing	1,157,305	31,488	31,488	-0-	1,188,793							
C-56	Employee Relations	147,251	-0-	-0-	-0-	147,251							
C-25	Finance	2,103,916	117,513	117,513	-0-	2,221,429							31
C-46	Personnel	881,976	60,491	60,491	-0-	942,467							13
C-52	Planning	984,800	65,000	65,000	-0-	1,049,800							13, 35
	General Govt. Total	6,745,624	313,969	313,969	-0-	7,059,593							
PUBLIC SAFETY													
D-3	Police	23,667,792	825,500	917,458	-0-	24,585,250*							6, 21-24, 45
D-22	Fire	16,023,521	508,800	508,800	-0-	16,532,321							7, 16, 28
	Public Safety Total	39,691,313	1,334,300	1,426,258	-0-	41,117,571							
PUBLIC WORKS													
E-6	City Engineer	2,779,546	61,450	61,450	-0-	2,840,996							30
E-30	Street Maintenance	2,562,774	-0-	-0-	-0-	2,562,774							47
E-25	Inspections	1,462,244	7,845	26,845	-0-	1,489,089*							7, 13, 18, 20, 26, 30
E-34	Traffic Engineer	1,528,127	35,641	35,641	-0-	1,563,768							
E-16	Parking Facilities	3,590,498	-0-	-0-	-0-	3,590,498							7, 18, 26, 46
E-57	Waste Removal	9,346,493	240,086	240,086	-0-	9,586,579							7, 16
E-21	Real Estate & Street Asst.	186,460	31,673	31,673	-0-	218,133							7, 18, 26, 30
E-11	Facility Maintenance	3,210,038	-0-	-0-	-0-	3,210,038							
E-40	Water & Sewer	10,933,175	-0-	-0-	-0-	10,933,175							
E-72	Animal Control	389,350	-0-	-0-	-0-	389,350							7, 18
	Public Works Total	35,988,705	376,695	395,695	-0-	36,384,400							
COMMUNITY SERVICES													
F-6	Administration	225,976	39,579	39,579	-0-	265,555							
F-12	Recreation	2,203,718	121,697	174,697	-0-	2,378,415*							
F-17	Boat Harbor	233,553	-0-	-0-	-0-	233,553							7, 26, 49
F-21	Parks	5,946,636	209,737	209,737	-0-	6,156,373							29
F-26	Golf	1,211,597	-0-	-0-	-0-	1,211,597							25
F-30	Zoo	556,951	4,319	4,319	-0-	561,270							
F-34	Crocker Art Museum	296,148	20,371	20,371	-0-	316,519							26, 41
F-41	Museum & History Comm.	256,440	-0-	-0-	-0-	256,440							43
F-38	Metropolitan Arts	72,255	17,781	39,781	-0-	112,036*							42
	Community Services Total	11,003,274	413,484	488,484	-0-	11,491,758							

*'Changes to be reported on
determination of Final Budget'*

Pre. Budget Page Ref.	Organization	Preliminary Budget	Manager's Restoration of Preliminary Budget Cuts	Committee Action		Amended Preliminary Budget	Changes for Final Budget		Final Budget	Follow-up Report #
				Increase	Decrease		Negotiated Salary & Benefits Increases	Other Employee Service Changes		
LIBRARY & CULTURE										
G-3	Community Center	\$ 3,172,223	\$ -0-	\$ -0-	\$ -0-	\$ 3,172,223				
G-9	Library	2,686,125	156,821	156,821	-0-	2,842,946				
G-13	Convention Bureau	555,000	-0-	-0-	-0-	555,000				
	Library & Culture Total	<u>6,413,348</u>	<u>156,821</u>	<u>156,821</u>	<u>-0-</u>	<u>6,570,169</u>				26,27,30
NON-DEPARTMENTAL										
H-2	Downtown Bus. Imp. Area	72,941	-0-	4,059	-0-	77,000*				
H-3	Administr. Contingency	7,730,083	(521,200)	-0-	(521,200)	7,208,883				37
H-4	Contr. to Gov. Agencies	80,928	-0-	-0-	-0-	80,928				
H-5	Contr. to Other Agencies	119,072	-0-	5,928	-0-	125,000*				36,48
H-7	Entertaining & Adver.	-0-	-0-	-0-	-0-	-0-				
H-8	Debt Service	2,808,334	-0-	-0-	-0-	2,808,334				
H-12	Elections	30,000	-0-	-0-	-0-	30,000				
H-13	Insurance-General	781,090	-0-	-0-	-0-	781,090				
H-14	Retired/Transferred Empl. Benefits	835,170	-0-	-0-	-0-	835,170				
H-16	SRTD	879,671	-0-	-0-	-0-	879,671				
H-17	Special Manpower Prog.	8,333,994	(1,120,734)	-0-	(1,120,734)	7,213,260				13,32
H-20	SHRA	2,391,500	-0-	-0-	-0-	2,391,500				13
H-26	CDBG Contingency	410,500	-0-	-0-	-0-	410,500				
H-21	Utility Users Tax Rebate	218,000	-0-	-0-	-0-	218,000				
H-23	Salary Reserves	6,300,000	-0-	-0-	-0-	6,300,000				
H-24	Injury on Duty	250,000	-0-	-0-	-0-	250,000				40
	Non-Departmental Total	<u>31,241,283</u>	<u>(1,641,934)</u>	<u>9,987</u>	<u>(1,641,934)</u>	<u>29,609,336</u>				
	GRAND TOTAL	\$131,083,547	\$ 953,335	\$2,791,214	\$(1,641,934)	\$132,232,827				
	Mountain Valley Library	380	-0-	-0-	-0-	380				
	ADJUSTED TOTAL	<u>\$131,083,927</u>	<u>\$ 953,335</u>	<u>\$2,791,214</u>	<u>\$(1,641,934)</u>	<u>\$132,233,207</u>				
ISF Memorandum Only										
I-2	City Retirement Contr.	\$ 12,705,479	\$ -0-	\$ -0-	\$ -0-	\$ 12,705,479				
I-5	Equipment Maintenance	7,218,393	(330,000)	-0-	(330,000)	6,888,393				
I-9	Risk Mgmt & Insurance	7,351,505	-0-	-0-	-0-	7,351,505				
I-17	Central Services	458,303	-0-	-0-	-0-	458,303				
	ISF MEMO ONLY TOTAL	<u>\$ 27,733,680</u>	<u>\$(330,000)</u>	<u>\$ -0-</u>	<u>\$(330,000)</u>	<u>\$ 27,403,680</u>				

*Include additional adjustments by Budget and Finance Committee

CITY FEES AND CHARGES INCREASES

Attachment II

<u>Department/Division</u>	<u>Revenue Source</u>	<u>% Increase Proposed</u>	<u>Current Revenue Estimate</u>	<u>Additional Revenue 80-81</u>	<u>Effective Date</u>	
<u>COUNCIL ADOPTED:</u>						
<u>COMMUNITY SERVICES</u>						
Camp Sacramento (4)	Camp registration	20%	\$163,750	\$32,750	March 15, 1980	
Golf (4C)	Green fees	18%	\$1,100,000	\$200,000	April 1, 1980	
Miscellaneous Recreation (4D)	Misc. recreation fees	15%-100%	\$366,000	\$4,000	April 1, 1980	
<u>ENGINEERING</u>						
Street Maintenance (4F)	Utility street cuts	12%-15%	\$240,000		July 1, 1980	
Waste Removal (4K)	Rate increases	-	\$5,491,000	\$1,878,000	July 1, 1980	
<u>FIRE</u>						
Administration	Report fees	700%	unknown	unknown	July 1, 1980	
Weed Abatement	Administrative fee	31%	\$63,008	\$22,977	July 1, 1980	
<u>COUNCIL ACTION REQUIRED:</u>						
<u>CITY CLERK (4L)</u>						
	General & special documents	100%	\$4,700	\$2,300	July 1, 1980	Adopt resolution changes
	Appeal fees	50%	\$300	\$150	July 1, 1980	Adopt resolution changes
	Boards & Commissions mailing lists	new	-0-	unknown	July 1, 1980	Adopt resolution changes
	Agenda synopsis	240%	inc. above	\$2,500	July 1, 1980	Adopt resolution changes
<u>ENGINEERING</u>						
Animal Control (4E)	Animal control fees	50%	\$20,000	\$10,000	July 1, 1980	Adopt resolution changes
Building Inspections (4G)	Mobile Home setups & build. assess.	various	unknown	unknown	July 1, 1980	Direct staff to public hearing notice mobile homeowners
Parking (4H)	Monthly offstreet parking fees	5%-25%	\$1,287,000	\$40,000	July 1, 1980	Adopt resolution changes
Real Estate (4I)	Street name signs	50%	\$40,000	\$20,000	July 1, 1980	Adopt resolution changes
Engineering Administration (4J)	Frontage improv. & subdiv. map fees	50%	\$25,000	\$14,000	July 1, 1980	Adopt resolution changes
<u>COMMUNITY SERVICE</u>						
Crocker Art Museum	Museum use fee	new	unknown	unknown	July 1, 1980	Adopt resolution changes and enact ordinance
<u>COMMUNITY CENTER (4O)</u>						
	Building rental rates	1%+	\$610,000	\$8,500	July 1, 1980	Adopt resolution changes
<u>COMMITTEE ACTION REQUIRED:</u>						
<u>PLANNING (4N)</u>						
	Various planning fees	0%-20%	\$237,260	\$33,000	July 1, 1980	Defer to next meeting
<u>COMMUNITY SERVICES</u>						
Boat Harbor (4B)	Berth rental	31%	\$180,000	\$56,000	July 1, 1980	Defer through July
Parks	1st Amendment activity <u>EXEMPTION</u>	-	-	-	July 1, 1980	Defer for three weeks

Committee Recommendation

Comments



CITY OF SACRAMENTO

OFFICE OF THE CITY CLERK

915 I STREET
CITY HALL ROOM 203

SACRAMENTO, CALIFORNIA 95814
TELEPHONE (916) 449-5428

LORRAINE MAGANA
CITY CLERK

June 19, 1980

Capitol Area Development Authority
ATTN: Ron Rule
1230 N Street, Suite 200
Sacramento CA 95814

Dear Mr. Rule:

On June 17, 1980, the City Council requested that the Authority present quarterly status reports to the Planning and Community Development Committee of the City Council.

If you have any questions, please contact Felton Mailes of the City Manager's office.

Sincerely,

Anne Mason
Deputy City Clerk

LM:am

cc: Les Frink, Traffic Engineer
Mac Mailes, City Manager's Office
Art Gee, Planning Department
Planning and Community Development Committee

30A





CITY OF SACRAMENTO

OFFICE OF THE CITY CLERK

915 I STREET
CITY HALL ROOM 203

SACRAMENTO, CALIFORNIA 95814
TELEPHONE (916) 449-5426

LORRAINE MAGANA
CITY CLERK

MEMORANDUM

TO: JACK CRIST, DIRECTOR OF FINANCE

FROM: ANNE MASON, DEPUTY CITY CLERK *Am*

SUBJECT: ITEM 30B, COUNCIL AGENDA OF JUNE 17, 1980

DATE: JUNE 19, 1980

The City Council, Councilperson Connelly, requested an informational report on combining the utility billing cycles with the County of Sacramento and SMUD.

cc: City Manager

