

RESOLUTION NO. 2012-020

Adopted by the Sacramento City Council

January 31, 2012

AMENDING THE FISCAL YEAR (FY) 2011/12 APPROVED BUDGET

BACKGROUND

- A. The FY2011/12 Approved Budget was adopted on June 21, 2011. Annually, staff undertakes a Midyear Review of revenues and expenditures to ensure the continued validity of the adopted budget and to recommend any adjustments necessary to implement the City's financial plan for the remainder of the current fiscal year. Based on staff's review, several budget adjustments and technical corrections are necessary in order to ensure that the City doesn't overspend its budgetary resources, and can address identified improvements, efficiencies and critical needs.
- B. To assist in closing the City's budget shortfall, the City Council redirected billboard and wireless/telecommunication lease revenues to the General Fund during the FY2011/12 budget hearings. Based on the actions taken with the adoption of the budget, staff is recommending that the original policies and procedures for these revenues be repealed (Resolution 2002-342).
- C. On April 18, 2006, the City Council approved the Community Reinvestment Capital Improvement Program (CRCIP) project list and funding plan. The funding for this project included \$3 million in General Funds. As a result of interest earnings on the capital revenue improvement bonds (CIRBs) that were issued for this program as well as construction savings resulting from a favorable bid climate, there were adequate bond proceeds to deliver the Tier I projects as approved by Council. With the exception of the Studio for the Performing Arts project, the Tier I CRCIP projects are nearing completion and these funds are no longer needed for the identified projects.
- D. On September 27, 2011, the City Council adopted a resolution establishing a commercial Property Assessed Clean Energy (PACE) district. The PACE program will make voluntary contractual assessment financing available citywide to owners of commercial or industrial property who wish to install distributed-generation renewable-energy sources or energy-efficiency or water-conservation improvements. Proper accounting for the sources and uses of this program requires the establishment of a new special revenue fund.
- E. The City's FY2010/11 Comprehensive Annual Financial Report (CAFR) was prepared to present the City's financial condition and the results of its activities for the fiscal year ended June 30, 2011. The CAFR financial statements were audited, as required by the City Charter, by an independent public accounting firm. The General Fund's FY2010/11

year end results provided \$5.1 million in resources to address the City's budget requirements outlined in the FY2011/12 Midyear Report.

- F. Exhibits A and B include the recommended adjustments to the FY2011/12 Approved Budget that are necessary to implement the City's financial plan for the remainder of the fiscal year.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1 The FY2011/12 Approved Budget is hereby amended to include the Summary of Adjustments to the FY2011/12 Budget as detailed in Exhibits A and B attached hereto.
- Section 2 The Director of Finance is authorized to release \$4.2 million from FY2010/11 budgetary results, and appropriate as summarized on Exhibits A & B.
- Section 3 The Director of Finance is authorized to release \$900,000 from FY2010/11 budgetary results, and establish a reserve to be used for potential Utility User Tax litigation.
- Section 4 The Director of Finance is authorized to transfer \$3 million from the Community Neighborhood Funding (D01000000) capital improvement project to the General Fund Economic Uncertainty Reserve.
- Section 5 The Director of Finance is authorized to establish the PACE Program Fund.
- Section 6 The Director of Human Resources is authorized to establish non-budgeted positions for the Mayor and District Offices which will be funded from the existing operations budgets.
- Section 7 The Finance Director is authorized to carryover unobligated appropriations in existence on June 30, 2012, in the City Council operations budgets into FY2012/13.
- Section 8 Resolution 2002-342 establishing the original policies and procedures for wireless/telecommunications is repealed.
- Section 9 Future billboard and wireless revenues shall be budgeted as follows:
- a) for installations on General Fund properties/structures the revenues will be budgeted in the General Fund in Non-Department; and
 - b) for installations on non-General Fund properties/structures the revenues will be split with 25 percent of all proceeds collected from this date forward allocated to the Department responsible for the facility/property where the installation is located and 75 percent allocated to the General Fund in Non-Department.

Section 10 Staff shall return to Council for discussion on the disposition of Billboard and Wireless/Telecommunication revenues as part of the FY2014/15 budget development process.

Section 11 The Director of Finance is authorized to implement the necessary adjustments as approved in Sections 1 through 10 above.

Section 12 Exhibits A and B, inclusive, are part of this resolution.

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Exhibit A – FY2011/12 Midyear Operating Budget Adjustments

Exhibit B – Summary of Reclassifications

Adopted by the City of Sacramento City Council on January 31, 2012 by the following vote:

Ayes: Councilmembers Ashby, Cohn, D Fong, R Fong, McCarty, Pannell, Schenirer, and Mayor Johnson.

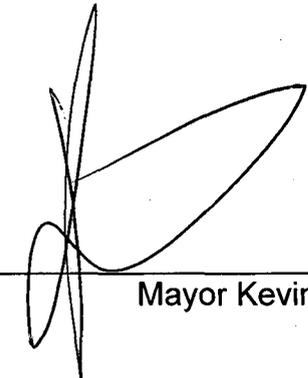
Noes: Councilmember Sheedy.

Abstain: None.

Absent: None.

Attest:


Shirley Concolino, City Clerk



Mayor Kevin Johnson

Exhibit A Summary of Adjustments

FY2011/12 Midyear Operating Budget Adjustments

Department	Fund(s)	Revenue Adjustment	Expenditure Adjustment	Net Change	Description
General Fund Revenue Adjustments					
Non Department	General Fund (1001)	\$(3,615,954)	\$ -	\$(3,615,954)	Reduce the Property Tax budget based on the 3% reduction realized in valuations.
Non Department	General Fund (1001)	\$ 2,776,340	\$ -	\$ 2,776,340	Increase the Sales & Use Tax budget based on four consecutive quarters of sales tax growth.
Non Department	General Fund (1001)	\$(250,000)	\$ -	\$(250,000)	Reduce the Business Operations Tax (BOT) budget based on tightened federal regulations and enforcement of medical marijuana dispensaries.
Non Department	General Fund (1001)	\$ 500,000	\$ -	\$ 500,000	Increase the Transient Occupancy Tax (TOT) budget based on the final TOT results for FY2010/11.
Non Department	General Fund (1001)	\$(1,100,000)	\$ -	\$(1,100,000)	Decrease the State Motor Vehicle License Fee budget based on the passage of Senate Bill 89 which diverts these revenues from cities to fund state law enforcement grants.
Non Department	General Fund (1001)	\$ 500,000	\$ -	\$ 500,000	Establish a miscellaneous revenue budget to reflect the sales tax true-up payment received annually in September.
Net Revenue Change:				\$(1,189,614)	FY2010/11 budgetary results will be used to decrease General Fund revenues by \$1.2 million.

Department Corrective Actions					
Convention, Culture & Leisure	General Fund (1001)		\$ 285,000	\$ 285,000	Increase the expenditure budget to cover leave payouts and operational deficits associated with contracting out golf operations.
Information Technology	General Fund (1001)		\$ (100,000)	\$ (100,000)	
Police	General Fund (1001)	\$ -	\$ 1,000,000	\$ 1,000,000	Increase the expenditure budget for the Police Department to address accrued holiday leave payouts associated with existing labor contracts.
Parks & Recreation	General Fund (1001)	\$ -	\$ 715,000	\$ 715,000	Increase the utility expenditure budget for expenses, primarily in water and drainage for parks, that have exceeded budget over the past few years.
Fire	General Fund (1001)	\$ 1,000,000	\$ 1,000,000	\$ -	Increase the Fire Department revenue budget based on projected actual revenues received in excess of budget and a one-time increase to the expenditure budget to offset overtime costs associated with the SAFER Grant.
Net Expenditure Change:				\$ 1,900,000	FY2010/11 budgetary results will be used to increase General Fund expenditures to cover department shortfalls of \$1.9 million.

Enterprise Fund Corrective Actions					
Convention, Culture & Leisure	Marina Fund (6009)	\$(300,000)	\$ -	\$ -	Reduce Marina revenues due to reduced occupancy levels.
Fund Reserves	Marina Fund (6009)	\$ -	\$(300,000)	\$ -	Decrease available fund balance based on reduced revenues.
Net Enterprise Fund Change:				\$ -	

FY2011/12 Midyear Adjustments to Existing Projects

Project	Project Name	Fund Name (Number)	Revenue Budget	Expense Budget	Change	Description
Capital Improvement Projects (CIPs)						
C13000500	Deferred Maintenance Project	General Fund (1001)	\$ -	\$ 750,000	\$ 750,000	Funding to address critical deferred maintenance facility repairs/improvements.
Externally Funded Projects (EFPs)						
E11002200	Academy Activities 7/07-6/11	EFP Fund (2703)	\$ 441,359	\$ 441,359	\$ -	Adjust revenue and expense budgets to actuals. Reset CM \$100K Authority.
E11002500	Los Rios Vocational training	2703	\$ 438,249	\$ 438,249	\$ -	Adjust revenue and expense budgets to actuals. Reset CM \$100K Authority.
E11003600	Regional Transit Patrol	2703	\$ (504,890)	\$ (504,890)	\$ -	Adjust revenue and expense budgets to actuals.
E11004800	Regional Transit Patrol 7/10-6/11	2703	\$(1,295,493)	\$(1,295,493)	\$ -	Adjust revenue and expense budgets to actuals. Reset CM \$100K Authority.
E11005200	FY11 Supplemental Employment 7/10-6/11	2703	\$ 419,021	\$ 419,021	\$ -	Adjust revenue and expense budgets to actuals.
Grants						
G11005620	IECGP 08 4/09-6/10	2703	\$ (190,320)	\$ (190,320)	\$ -	Adjust revenue and expense budgets to actuals.
G11007000	Citizens' Option 7/09-6/12	2703	\$ (246,564)	\$ (246,564)	\$ -	Adjust revenue and expense budgets to actuals.
G11008700	Citizens' Option 7/10-6/13	2703	\$ (102,144)	\$ (102,144)	\$ -	Adjust revenue and expense budgets to actuals.
Multi-Year Operating Projects						
I07000800	Technology Innovation Project	1001	\$ -	\$ 250,000	\$ 250,000	Funding to improve efficiencies and maximize the use of technology.
I07000900	Website Restructuring Project	1001	\$ -	\$ 100,000	\$ 100,000	Funding to improve public access to information about City operations.
Net Project Change:					\$1,100,000	FY2010/11 budgetary results will be used to increase General Fund projects reflected above.

SUMMARY OF RECLASSIFICATION REQUESTS
All Requests are Subject to HR Approval

Op Unit	Budgeted Classification	Proposed Reclassification	FTE
Parks and Recreation			
19000	Accounting Technician	Senior Accounting Technician	1.00
19000	Program Supervisor	Aquatics Supervisor	1.00
19000	Program Supervisor	Older Adults Supervisor	1.00