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SECTION – 26
Resolution

RESOLUTION NO. 2011-391

Adopted by the Sacramento City Council

June 21, 2011

APPROVING THE FISCAL YEAR 2011/12 OPERATING AND CAPITAL IMPROVEMENT PROGRAM BUDGETS FOR THE CITY OF SACRAMENTO

BACKGROUND

A. The City Manager is required to present a balanced budget to the Mayor and City Council no less than 60 days prior to the beginning of each fiscal year pursuant to Article 9, Section 111 of the City Charter.

B. The City of Sacramento, through the leadership and direction of the Mayor and City Council, has maintained a sustainable budget philosophy. Given this concept of fiscal sustainability, the Council adopted the following strategies and principles on February 22, 2011, for the development of the Fiscal Year (FY)2011/12 Proposed Budget:

1. Budget Development Strategies:
   a. Alternative Service Delivery
   b. Streamlining the Organization
   c. Revenue Improvements
   d. Planned Use of One-Time Reserves

2. Fiscal and Organizational Principles:
   a. Develop a Sustainable Budget Plan
   b. Balanced Budget for FY2011/12
   c. Use One-Time Resources Strategically
   d. Balance Layoff Impacts with Service Level Decisions
   e. Address Full Service City Status

C. The City Manager released the FY2011/12 Proposed Operating Budget and the 2011-2016 Proposed Capital Improvement Program (CIP) (which includes the FY2011/12 CIP Budget) on April 29, 2011, for review and consideration.

D. The Mayor and City Council conducted hearings during the months of May and June 2011 related to the adoption of the City's FY2011/12 Operating and CIP Budgets.

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

A. The Summary of Changes in Appropriations, attached as Exhibit 1, and the Summary of Changes and Technical Adjustments, attached as Exhibit 2, are hereby approved.

B. The FY2011/12 Operating and CIP Budgets, as defined in Section 2.1, are hereby approved (collectively the "Approved Budget").

C. The 2011-2016 CIP, which provides a comprehensive five-year plan for the City's capital project expenditures, is hereby approved.

D. Sections 1 through 16 below, which define the authority and responsibilities of the City Manager in implementing the Approved Budget, are hereby approved.

E. The City Manager is authorized to incorporate final decisions of the City Council, and refine/add content, as may be needed to meet Government Finance Officers Association (GFOA) and California Society of Municipal Finance Officers (CSMFO) budgeting award application requirements, into the Proposed Operating and CIP Budgets in order to create the FY2011/12 Approved Operating Budget and 2011-2016 CIP.

F. Exhibits 1 through 4, inclusive, are part of this resolution.

G. The following Budget Policies are hereby approved:

1. If the COPS Hiring Recovery Program (CHRP) Grant is approved, 35.0 Police Officer FTE shall be restored to the Sacramento Police Department (SPD). The Police Chief's recommendation is to restore positions in the downtown core and traffic safety.

2. If the California Medi-Cal: Ground Emergency Medical Transport Assembly Bill (AB678) is passed, additional revenues collected above the current budgeted amount shall be reinvested in the Fire Department to reinstate fire company brownouts and/or add staffed advanced life support medic units.

3. The Internal Auditor shall perform an audit of the City's golf course operations to assess if the estimated savings associated with contracting out maintenance services are reasonable.

   a. The audit conclusion shall be presented to the City Council.

   b. The contract shall be consistent with the following parameters:

i. The General Fund subsidy for the maintenance and operation of the City's golf courses will be eliminated;
ii. Operations, maintenance, capital and debt costs will be borne by Morton Golf;
iii. Existing City employees will be given priority hiring by Morton Golf;
iv. The length of the contract will be commensurate with investment made by lessee;
v. Consideration of a local hiring and a living wage component (Sacramento City Code Chapter 3.58);
vi. Transition will be effective between October 2011 and January 2012.

SECTION 1. SCOPE

1.1 This resolution defines the authority and responsibilities of the City Manager in implementing the Approved Budget of the City of Sacramento and supersedes Resolution 2010-388.

SECTION 2. DEFINITIONS

2.1 "Approved Budget" consists of the following documents:

(1) The "Operating Budget," which is the FY2011/12 Proposed Operating Budget dated April 29, 2011, as amended by the City Council to incorporate the approved summary of changes in appropriations set forth in Exhibit 1, and the approved administrative and technical changes set forth in Exhibit 2 (the Approved Operating Budget is attached as Exhibit 3); and

(2) The "Capital Improvement Program budget," which is the FY2011/12 Proposed Capital Improvement Program (CIP) Budget dated April 29, 2011, as summarized in Schedule 4 of the FY2011/12 Operating Budget and detailed in the 2011-2016 CIP, as amended by the City Council to incorporate the Proposed CIP, the summary of changes in appropriations set forth in Exhibit 1, and the approved administrative and technical changes set forth in Exhibit 2 (the Approved CIP is attached as Exhibit 4).

2.2 "Base Budget" is the current year budget modified pursuant to labor agreements, one-time expenditures, citywide changes, and midyear changes.

2.3 "Budget Categories" reflect internal reporting structures based on established budgets:

(1) "Department" or "Operating Unit" represents major budgetary groupings such as: Mayor and City Council; City Manager; City Attorney; City Clerk; City Treasurer; Code Enforcement; Convention, Culture & Leisure; Community Development; Economic Development; Finance; Fire; General Services; Human Resources; Information Technology; Parks & Recreation; Police;

Transportation; Utilities; Projects; Debt Service; Non-Department; and Fund Reserves.

(2) "Dept ID" represents an organizational sub-unit within an Operating Unit.

(3) "Division" represents a roll-up of Dept ID's within an Operating Unit.

(4) "Account" is the primary accounting field in the budget used to describe the nature of the financial transaction.

(5) "Expenditure Class" is a categorical grouping of individual similar accounts for purposes of reporting expenditures (i.e. Employee Services, Other Services and Supplies, Property, Debt Service, Labor/Supply Offset, Contingency, and Operating Transfers).

2.4 "City Manager" means the City Manager or, if so designated, the Director of Finance.

2.5 "Current Budget" is the FY2010/11 Approved Budget, incorporating any subsequent appropriation increases, decreases, or transfers and adjustments as approved by the City Council or City Manager, as appropriate.

2.6 "Full Time Equivalent" (FTE) means the decimal equivalent of a position; e.g., one full-time position is 1.00 FTE and one quarter-time position is 0.25 FTE.

2.7 "Unfunded FTE" means a City Council authorized FTE without an associated labor budget. Unfunded FTE will remain vacant until funding has been approved for it by the City Council or City Manager, as appropriate.

2.8 Multi-Year Operating Projects (MYOP) are used to account for projects and activities that are multi-year in nature and are not capital improvement projects.

SECTION 3. AUTHORIZED STAFFING AND APPROPRIATIONS

3.1 The City Manager is authorized to make any expenditure and resource adjustments to the Approved Operating Budget based on final City Council action to adopt the Approved Operating Budget.

3.2 The City Manager is authorized to establish the appropriations and FTE staffing as shown in Schedules 1A, 1B, 1C, 1D, and fund summaries, including transfers as shown on Schedule 2A and B as displayed in Exhibit 3.

3.3 The City Manager is authorized to revise any appropriation made in the Approved Budget where the revision is of a technical nature and is consistent with City Council intent.

3.4 The City Manager is authorized to adjust any appropriation made in the Approved Budget to reflect changes from amounts budgeted for updated labor, vehicle, energy, contingencies, cost plan, and risk management changes, such as

retirement rates, payroll taxes, health benefits, fleet costs, and risk management costs from designated funds or reserves.

3.5 Following budget approval, the City Manager is authorized to revise indirect cost rates to be applied to hourly salary rates in order to achieve full cost recovery of services and is authorized to adjust the Operating Budget to reflect the indirect cost plan for FY2011/12.

SECTION 4. APPROPRIATION INCREASES/DECREASES

4.1 All appropriation changes (increases or decreases) in excess of $100,000 to operating and capital budgets shall be approved by the City Council by resolution.

4.2 The City Manager is authorized upon completion of the audited financial statements for FY2010/11, to adjust FY2011/12 fund contingencies by the amount of net changes in available fund balance as determined by the City Council. These fund balance and appropriation changes shall be included and explained in the report to City Council accompanying the Comprehensive Annual Financial Report (CAFR).

4.3 Residual balances from unexpended debt proceeds will be reverted to the appropriate fund and utilized for the legal purposes as specified in the conditions of the debt issuance. The City Manager is authorized to establish appropriations and account for the expenditure of these unexpended proceeds.

SECTION 5. STAFFING CHANGES

5.1 Any increase or decrease, by department by fund, in FTE as authorized in the Approved Budget or any subsequent approval by the City Council or by the City Manager in accordance with this resolution, is subject to approval by the City Council, except for renewals or expansion of fully offset grants or externally funded programs (EFP) as specified in Section 5.2.

5.2 Any existing positions which were approved based on the assumption of the City receiving a grant or other reimbursements, must have continued funding verified prior to filling the position. The City Manager is authorized to adjust staffing levels for renewals, expansions, or reductions to fully offset City Council-approved grants or EFP. Grant/EFP positions shall be terminated upon completion or cancellation of the grant/EFP, unless specifically continued by a resolution that includes a source of replacement funding (see Section 11).

5.3 Any exempt management position adjustment made subject to the approval of the City Manager and subject to the adopted resolution covering unrepresented officers and employees approved by City Council, must have funding verified by the Budget Office prior to implementation.

5.4 Any reassignment of authorized FTE and employee services funding associated with the FTE within a department and within the same fund, may be made at the

discretion of the Department Director with the approval of the City Manager as long as there is no net change to authorized FTE and funding levels.

5.5 All new job classifications or reclassifications (as identified in Exhibit 3, Schedule 8) are subject to classification review and approval by the Human Resources Director.

5.6 The City Manager is authorized to adjust staffing levels in the Police and Fire Training Academies based on projected vacancies.

5.7 The City Manager is authorized to increase Police Department staffing up to the original grant award of 35.0 Police Officer FTE positions, contingent upon the approval by the U.S. Department of Justice, Office of Community Oriented Policing Services (COPS), to modify the COPS Hiring Recovery Program (CHRP) grant to restore FTE positions previously eliminated due to budget reductions.

5.8 Positions identified as "Unfunded FTE" shall remain vacant until the City Council approves a budget adjustment to fund the costs associated with these positions.

5.9 The City Manager is authorized to substitute "Unfunded FTE" within a department for alternate vacant positions in order to address operational needs within the department's Approved Budget.

SECTION 6. ECONOMIC UNCERTAINTY RESERVE (EUR) POLICIES AND TRANSFERS FROM CONTINGENCY/RESERVE FUNDS

6.1 As directed by the City Council in June 2011, the City's goal for the General Fund Economic Uncertainty Reserve (EUR) shall be 10% of annual General Fund revenues. Resources to fund this reserve will be identified on an ongoing basis and can include positive year end results or other one-time resources available to the General Fund which will be brought back to Council as identified for direction to the EUR through the budget development, midyear review, and year-end processes.

6.2 The General Fund EUR is currently $14.3 million; an additional $3.4 million was identified through the FY2011/12 Budget Hearing process, increasing the reserve to $17.7 million. This reserve will be maintained for the purpose of bridging a gap between projected revenue and expenditures during periods of significant revenue declines and/or expenditure growth. In order to report this reserve as a commitment of fund balance according to new governmental accounting standards (Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*), parameters for using the EUR must be established. The parameters under which the EUR may be used are as follows:

(1) The City Manager may recommend a release from the Economic Uncertainty Reserve when the gap between projected revenue and expenditures is greater than $1 million in the proposed budget.

(2) Any release from the Economic Uncertainty Reserve is subject to approval by the City Council.

(3) These parameters may only be changed by the City Council by resolution.

6.3 The City Manager is authorized to make appropriation changes (increases or decreases) not exceeding $100,000 from available fund balance. Appropriation changes (increases and decreases) in excess of $100,000 are subject to approval by the City Council, except for payments to employees for vacation and sick leave termination, which may be approved by the City Manager.

6.4 The City Manager is authorized to make appropriation changes (increases or decreases) not exceeding $100,000 from Administrative Contingency established in the General Fund, Water Fund, Sewer Fund, Solid Waste Fund, and/or Storm Drainage Fund. Appropriation changes (increases and decreases) in excess of $100,000 are subject to approval by the City Council.

6.5 Transfers shall not be made from available fund balance or Administrative Contingency if the transfer will result in a negative balance.

6.6 Use of committed fund balance reserves is subject to approval by the City Council by resolution.

6.7 The City Manager is authorized to make annual loan repayments to the Risk Fund from the Convention Center Fund subject to the availability of funds. As of June 30, 2010, the Risk Fund loan to the Convention Center Fund totaled approximately $6.9 million.

SECTION 7. OTHER APPROPRIATION TRANSFERS

7.1 Operating appropriation transfers within the same department and the same fund are subject to approval by the City Manager.

7.2 Appropriation transfers between two or more departments, up to and including $100,000, are subject to approval by the City Manager. Such transfers in excess of $100,000 are subject to approval by the City Council by resolution.

SECTION 8. UNSPENT APPROPRIATIONS AND ENCUMBRANCES

8.1 All appropriations in the Operating Budget which remain unencumbered or unexpended on June 30, 2011, after adjustments resulting from Sections 4.2, 4.3, 10.4, 11.5, and 12.4 or as specifically provided for in Section 16, shall revert to the available fund balance of the respective funds. Any budgetary surplus in the General Fund, determined as part of the fiscal year end close process, will be reported in the CAFR as Assigned for Next Year's Budget or as specifically directed in a subsequent resolution.

8.2 All unrealized investment gains determined and reported as part of the fiscal year end close process will be reported in the CAFR as Assigned for Unrealized Investment Gains because the resources are not available for appropriation.

8.3 The City Manager is authorized to carry over unobligated appropriations and interest earned by the Ethel MacLeod Hart Trust (Fund 2503) in the prior year, and to transfer the accumulated resources to the Ethel MacLeod Hart Trust Multi-Year Project (I19120000), pursuant to the five-year recommendation of the Ethel MacLeod Hart Advisory Committee, in FY2011/12.

8.4 All purchase order commitments outstanding on June 30, 2011, and associated appropriations, are hereby continued.

8.5 Unobligated appropriations in existence on June 30, 2011, for fleet purchasing budgets (Accounts 474230 and 474240) shall be transferred to the Fleet MYOP. The City Manager is authorized to adjust carryover by department based on citywide fleet needs.

8.6 Unobligated appropriations in existence on June 30, 2011, for Fire Department station expenses (Account 481230) pursuant to the current Fire labor contract, shall be carried over to the next fiscal year.

8.7 Unobligated appropriations in existence on June 30, 2011, for the City Council discretionary accounts (Accounts 481100 and 472010) shall be carried over to the next fiscal year.

8.8 Unobligated appropriations in existence on June 30, 2011, for the Arts Stabilization program funded by a portion of the General Fund allocation of the transient occupancy tax, shall be carried over to the next fiscal year.

8.9 The Rental Housing Inspection Program fees have been established to recover the costs of the program. The City Manager is authorized to carryover excess revenues for this program provided the full cost of the current year operations for the Rental Housing Inspection Program has been recovered.

8.10 The City Manager is authorized to decrease the General Fund (Fund 1001) revenue and expenditure budgets for contract services in the Police Department Operating Budget and establish a revenue and expenditure budget in the Police Department Contract Services Externally Funded Program (E11005200) in the EFP Fund (Fund 2703).

8.11 The City Manager is authorized to adjust the Convention, Culture and Leisure revenue budget for Theater Facility Fee revenues and the Theater Renovation project (M17100100) expenditure budget based on the actual fees collected, less any operating costs associated with delivering this service.

SECTION 9. REVENUE BUDGET

9.1 The FY2011/12 Revenue Budget is summarized in Exhibit 3, Schedule 6.

9.2 Any increase or decrease greater than $100,000 in estimated revenue to the Approved Budget by fund requires City Council approval.

SECTION 10. CAPITAL IMPROVEMENTS

10.1 Capital projects and/or appropriations shall be used for:

(1) Repairs, maintenance, improvements, or acquisitions with a total cost of at least $20,000 and a useful life that exceeds one fiscal year; and

(2) Community/Neighborhood projects as approved in separate resolutions by the City Council.

10.2 City Council approval is required for the establishment and/or cancellation (without completion) of a CIP, except as provided below:

(1) Capital projects for internal City operations related to improvements and minor construction of existing City owned/occupied buildings may be established by the City Manager provided the total cost to deliver the project does not exceed $100,000;

(2) Capital projects that have been approved in the Sacramento Housing and Redevelopment Agency's (SHRA) annual budget and are subject to the provisions of the Master Project Agreement between the City and SHRA as adopted by the City Council on December 18, 2001 (Resolution 2001-828), may be approved by the City Manager;

(3) Capital projects may be subdivided into separate sub-projects as needed to administer, manage, and deliver the original scope of the project, without further City Council action; and

(4) Credit projects established in accordance with Sacramento City Code (SCC) Chapter 18.18. For purposes of recording the asset of these already constructed projects, the City Manager is authorized to make all the necessary adjustments once the improvement is accepted by the City of Sacramento.

10.3 Capital appropriations shall be used solely for the originally approved project or projects except as provided for in this section.

10.4 Annually, completed or inactive projects will be closed, except for projects that have existing litigation or payment disputes. An inactive project is defined as one where transaction activity is less than $1,000 over the prior three years. Closures are the responsibility of the designated project manager. The managing department and/or City Manager has the authority to process the necessary documentation to close inactive projects.

10.5 All multi-year CIP projects in existence on June 30, 2011, shall be continued in FY2011/12, except as provided otherwise in Section 10.4. The FY2011/12 CIP Budget is summarized on Schedules 2 and 4 as displayed in Exhibit 3.

10.6 Unencumbered appropriations for all inactive projects, as defined in Section 10.4, will expire on June 30, following the third full year of the last appropriation to the project. Projects requiring continuing appropriations will require City Council action through programming within the CIP or through a separate appropriation to the project.

10.7 Each fiscal year, on June 30, the balance of each CIP project must be zero or have a positive balance by fund. Projects in excess of the budget from all funding sources (i.e., with a negative balance) shall be treated as follows:

(1) If the project balance exceeds the budget by $100,000 or less, the project account shall first be corrected within each fund and, second, any remaining negative balance shall be corrected by a transfer from the project manager's department Operating Budget (all transfers of $100,000 or less shall be made as provided for in Section 6.2); or

(2) If the project balance exceeds the budget by more than $100,000, the project account shall be submitted to City Council for approval by resolution of a corrective plan of action.

10.8 Except in the General Fund, the City Manager is authorized to transfer appropriations up to and including $100,000:

(1) From Project A to Project B if:

(a) Project A is complete and has savings; or

(b) Project A has not been completed and a revised project estimate confirms that there will be project savings upon completion;

(2) Between funding sources within a project if the total appropriation remains unchanged.

10.9 Upon completion and closure of a capital project, the City Manager is authorized to transfer any remaining project balance:

(1) To the available fund balance of the respective fund, the Capital Projects Base Reserve in the Utilities CIP or, in the case of the General Fund, Administrative Contingency; or

(2) As provided for in Section 10.8.

10.10 Except as provided for in Section 10.9, the City Manager is authorized to increase or decrease project budget appropriations by not more than $100,000 for each

project. Appropriation changes exceeding $100,000 in total for any project shall be submitted to the City Council for approval by resolution.

10.11 Community/Neighborhood projects and appropriations established with one-time funding sources under Resolution 2000-682 (11/21/00), 2001-765 (11/20/01), 2003-412 (6/17/03), 2004-551 (6/29/04), 2006-367 (5/23/06), and associated staff reports, are governed by the following procedures:

(1) Savings of up to $50,000 due to lower than expected costs or the securing of alternative funding sources, may be administratively reprogrammed into other projects within the same City Council District, at the request of the City Council District Office and with the approval of the City Manager; or

(2) Savings above $50,000 to be reprogrammed requires City Council approval by resolution.

10.12 Measure A Sales Tax (Funds 2001 and 2005) and New Measure A Construction/Projects (Funds 2023, 2025, and 2026) expenditure and revenue budgets can be loaded into the City's financial system prior to Sacramento Transportation Authority (STA) Board approval. Work on CIP projects in these funds is done prior to receiving funding. Project funding/appropriations shall be as follows:

(1) The City Manager is authorized to enter the revenue/expenditure budgets as reflected in the Approved Budget (revenues) and CIP Budget (expenditures);

(2) The City Manager is authorized to enter expenditure/revenue budgets prior to STA Board approval; and

(3) STA Board approval is required for all Measure A reallocations. In cases where the City Council takes action on recommended Measure A reallocations prior to STA Board action, City Council approval shall be contingent on STA Board approval.

10.13 Projects funded by the following reimbursable funds are included within the Operating and CIP Budgets for planning purposes: Grant Funds (Funds 3702, 3703, and 3704), SHRA Community Development Block Grants (Fund 2700), and SHRA Tax Increment (Fund 3701). Work on CIP projects funded by these sources is done prior to receiving funding, and project funding/authorization for these projects shall be as follows:

(1) Funds 2700, 3701, 3702, 3703, and 3704: Expenditure and revenue budgets will not be loaded into the City's financial system until agreements (Program Supplements/E-76's, Individual Project Agreements (IPA), Cooperative Agreements, etc.) have been executed between the City and the funding authority.

(2) Funds 3703 and 3704: The City of Sacramento is eligible to receive federal and/or state funding for certain transportation projects through the California

Department of Transportation (Caltrans). Master Agreements, Program Supplemental Agreements, Fund Exchange Agreements, and/or Fund Transfer Agreements must be executed with Caltrans before such funds can be claimed. The Mayor and/or City Manager are authorized to execute all Master Agreements, Program Supplemental Agreements, Fund Exchange Agreements, Fund Transfer Agreements, and any amendments thereto with Caltrans.

The City Manager is authorized to transfer matching funds as specified in the approved CIP from the state and federal Grant Match Program (T15007200) and to enter the revenue/expenditure budgets as reflected in the grant agreement, provided that the amount is not more than $100,000 different from what was reflected in the Approved CIP Budget which authorized the project funding. Project agreements that exceed $100,000 difference from the anticipated budget shall be submitted to the City Council for approval by resolution.

10.14 The CIP Budget may include "Credit Projects." Credit projects are established to account for turnkey parks, infrastructure, and other improvements provided by a developer in accordance with Council approved finance plans or fee programs and in exchange for City fee credits. Credit projects are contracted, constructed and accepted in accordance with SCC Chapter 18.18. In an effort to provide a reflection of credit project activity, outstanding credit project agreements are listed in the CIP Budget as funded by Developer Credit/Obligations (Fund 9501), together with a description and estimated value, but without timing since that is frequently unknown.

10.15 The CIP Budget (Exhibit 4) includes projects that are directly supported by user and developer fees. The City Manager is authorized to adjust department revenue budgets and CIP expenditure budgets for projects directly supported by fees based on the actual fees collected, less any operating costs associated with delivering the service.

SECTION 11. OPERATING GRANTS AND EXTERNALLY FUNDED PROGRAMS (EFP)

11.1 City Council approval is required for the establishment and/or cancellation (without completion) of an operating grant/EFP, except as follows:

(1) Where the operating grant/EFP is under $100,000 and does not require any of the following:

(a) Any increase or decrease, by department by fund, in FTE staffing levels as authorized in the Approved Budget or by any subsequent approval by the City Council or by the City Manager in accordance with this resolution; or

(b) Matching funds from City resources; or

(c) Any ongoing service or funding by the City.

(2) The City Manager is authorized to establish operating grants/EFP in excess of $100,000, and to authorize spending and allocation of resources in advance of formal agreements in response to governmental requests for public safety assistance related to disasters and national security risks. The Department responding to these events shall report to the City Council within 60 days of receiving formal program documents from the requesting governmental agency(s) to obtain approval to enter into agreements and accept reimbursements.

11.2 The City Manager is authorized to adjust staffing levels and associated service and supplies, in accordance with Section 5.2, for renewals or expansions of fully offset grants previously approved by City Council.

11.3 If the grantor of a grant/EFP requires City Council action, as a condition of funding the grant/EFP, then establishment of the grant/EFP shall require approval by the City Council regardless of the grant amount.

11.4 Operating grants/EFP appropriated in the Approved Budget do not require additional City Council approval to be expended upon receipt of such grants or funds for EFP.

11.5 All multi-year operating grant/EFP budgets in existence on June 30, 2011, shall be continued in FY2011/12.

11.6 The City Manager is authorized to adjust revenue and expenditure budgets for renewals, up to the amount previously approved by City Council, and augmentations up to $100,000 of fully offset grants and externally funded programs.

11.7 Youth and Federally funded parks and recreation grant expenditure and revenue budgets can be loaded into the City's financial system based on the prior year award prior to receipt of signed agreements. Project funding/appropriations shall be adjusted based on the final grant agreement. In the event the grant is not renewed or is changed by more than $100,000, the managing department must return to the City Council for corrective action.

11.8 Each fiscal year, on June 30, the balance of each grant/EFP budget must be zero or have a positive balance by fund. Grants/EFP in excess of the budget from all funding sources (i.e., with a negative balance) shall be treated as follows:

(1) If the project balance exceeds budget by $100,000 or less, the project account shall first be corrected within each fund and, second, any remaining negative balance shall be corrected by a transfer from the project manager's department Operating Budget (all transfers of $100,000 or less shall be made as provided for in Section 6.2); or

(2) If the project balance exceeds budget by more than $100,000, the project account shall be submitted to City Council for approval by resolution of a corrective plan of action.

SECTION 12. MULTI-YEAR OPERATING PROJECTS

12.1 Multi-year operating projects are used for:

(1) Economic Development Assistance and Development Programs (e.g., Inclusionary Housing, Infill and Low-Income Fee-Waiver programs);

(2) Planning, audit, and other consultant studies that will take more than one fiscal year to complete; and

(3) Other projects and activities that are multi-year in nature and are not capital improvement projects.

12.2 City Council approval is required for the establishment and/or cancellation (without completion) of a multi-year operating project.

12.3 Unobligated appropriations in existence on June 30, 2011, for all existing multi-year operating projects, shall be carried over to the next fiscal year.

12.4 Multi-year operating project appropriations shall be used solely for the originally approved program or study. Annually, completed or inactive multi-year operating projects will be closed. An inactive project is defined as one where transaction activity is less than $1,000 over the prior three years. Closures are the responsibility of the designated project manager. The managing department and/or City Manager have the authority to process the necessary documentation to close inactive projects.

12.5 Each fiscal year, on June 30, the balance of each multi-year operating project must be zero or have a positive balance by fund. Projects in excess of the budget from all funding sources (i.e., with negative balances) shall be treated as follows:

(1) If the project balance exceeds budget by $100,000 or less, the project account shall first be corrected within each fund and, second, any remaining negative balance shall be corrected by a transfer from the project manager's Operating Budget(all transfers of $100,000 or less shall be made as provided for in Section 6.2); or

(2) If the project balance exceeds budget by more than $100,000, the project account shall be submitted to City Council for approval by resolution of a corrective plan of action.

12.6 The City Manager is authorized to increase or decrease project budget appropriations by not more than $100,000 for each project. Transfers that exceed $100,000 in total for any project shall be submitted to the City Council for approval by resolution.

SECTION 13. IN-LIEU PROPERTY TAXES AND IN-LIEU FRANCHISE FEE

13.1 An in-lieu property tax and in-lieu franchise fee are hereby imposed on the Community Center (Fund 6010), Parking (Fund 6004), and Sacramento Marina (Fund 6009) funds in the amounts provided in Schedule 3 as displayed in Exhibit 3. The City Council finds that the in-lieu property tax as detailed in Schedule 3 represents the property tax revenue, which would be received by the General Fund if the real and personal property owned by these enterprises were taxable under private ownership. The in-lieu franchise fee as detailed in Schedule 3 represents the franchise fees which would be received by the City from private entities as a rental or a toll for the use of City streets and rights-of-way.

SECTION 14. APPROPRIATION LIMITS

14.1 The appropriation limit and the appropriations subject to the limit are hereby amended pursuant to Article XIIIB of the California Constitution for FY2011/12 as detailed in Schedule 5 as displayed in Exhibit 3.

SECTION 15. MIDYEAR FINANCIAL REPORT

15.1 The City Council shall be provided a Midyear Financial Report including a revised estimate of the financial condition of all funds, revised estimated revenues and expenditures, and recommendations for eliminating any projected fund deficits.

15.2 The City Council shall act on any projected fund deficits as part of the fiscal year end close process.

SECTION 16. MISCELLANEOUS CONTROLS/CONSIDERATIONS

16.1 No expenditures by fund at the department level shall exceed the Approved Budget as amended by any subsequent approval by the City Council or by the City Manager in accordance with this resolution.

16.2 Subject to approval by the City Manager and pursuant to the sections governing transfers and appropriations, projected deficiencies in any department by fund shall be corrected by:

(1) Reducing expenditures in the department (e.g., freezing vacant positions, restricting purchase orders, etc.); or

(2) Making an appropriation transfer from administrative contingency and/or available fund balance subject to the provisions of Section 6.

16.3 The City Manager is authorized to:

(1) Adjust budgets to reflect all required debt service payments pursuant to the official statements;

(2) Adjust revenue and expenditure budgets in the Special Revenue funds based on the actual revenues collected, less any operating costs associated with delivering this service;

(3) Establish and adjust budgets for private development activities managed in multi-year operating projects, that are fully offset by development fees; and

(4) Adjust multi-year project budgets in the current year based on previous actions of the City Council.

(5) Establish and adjust budgets for multi-year operating projects (MYOPs), Externally Funded Projects (EFPs) and Operating Grants as reflected on Schedule 9.

(6) Establish a MYOP for department fleet replacement operations which currently cross fiscal years and transfer the budgeted replacement amounts from the respective operating budgets to the MYOP for better management and tracking of replacement activities which cross fiscal years.

(7) Establish four new funds (Funds 6205, 6206, 6207 and 6211) to account for grants and other reimbursable projects funded by various external sources (federal government, state government, sponsors, etc.), related to Utilities (Water, Wastewater, Solid Waste and Storm Drainage respectively) services. These funds will be consolidated with their respective utility funds for external financial reporting. Project appropriations budgeted in these funds must be matched by a revenue budget supported by an agreement with an external funding source.

(8) Realign the budget and FTE in the Economic Development Department to better track and account for the use of Tax Increment funds received from the Sacramento Housing and Redevelopment Agency.

(9) Realign the existing Mayor/City Council budget and FTE structure including the City Council accounts included in Non-Department to provide accountability and tracking of costs by District.

(10) Establish a new capital fund (Fund 3333) which will be used for identified projects within the North Natomas Comprehensive Drainage Plan (NNCDP).

16.4 In all staff reports that come before the City Council, net budgetary impacts on all funds shall be stated clearly and concisely, including indirect impacts, so that the Councilmembers have a full understanding of the financial considerations and impacts of their decisions.

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Adopted by the City of Sacramento City Council on June 21, 2011 by the following vote:

Ayes: Councilmembers D Fong, R Fong, McCarty, Pannell, Schenirer, Sheedy

Noes: Councilmembers Angelique Ashby, Steve Cohn, and Mayor Kevin Johnson

Abstain: None.

Absent: None.

Mayor Kevin Johnson

Attest:

Shirley Concolino, City Clerk

Exhibit 1

SUMMARY OF CHANGES IN APPROPRIATIONS

FY2011/12 Appropriation/Augmentation Summary

Department/ Designation	Fund(s)	Revenue/ Offset Adjustment	Expenditure Adjustment	Net Change / Savings	Funded FTE Change	Description
City Attorney	General (1001)	$ 10,000	$ (412,000)	$ (422,000)	(2.00)	Eliminate 1.0 FTE LAN Administrator (Position #30923) and 1.0 Legal Secretary (Position #12661); continuation of furloughs, reduction of litigation funding and increase of revenues Sacramento Library Authority legal services
City Treasurer	General (1001)	$ 131,000	$ -	$ (131,000)	-	Increase revenues for management of debt issues and increase Treasury Pool management fee by 0.01 percent
Non-Department	General (1001)	$ 665,065	$ -	$ (665,065)	-	Establish a revenue budget for Wireless/Billboard revenues in Non-Department
Non-Department	General (1001)	$ -	$ 30,000	$ 30,000	-	Reduce the base savings in Non-Department for the City Clerk's budget reduction with a transfer from the City Clerk's Automation (A04000100) CIP1
Non-Department	General (1001)		$ 800,500	$ 800,500	-	Reduce the $830,500 base savings in Non-Department related to the Mayor/Council ($247,500), City Attorney ($422k), and City Treasurer ($131k) budget reductions
Mayor/CC	General (1001)	$ -	$ (276,817)	$ (276,817)	-	One-time transfer to the Economic Uncertainty Reserve from the unfunding of the Internal Budget Analyst Office in FY2011/12
Mayor/CC	General (1001)	$ -	$ (69,577)	$ (69,577)	-	One-time transfer of from the Mayor/Council labor budget (*District 7 Councilmember salary deferral*) to the Police Department
Police	General (1001)	$ -	$ 69,577	$ 69,577	-	One-time transfer of from the Mayor/Council labor budget (*District 7 Councilmember salary deferral*) to the Police Department
Non-Department	General (1001)	$ 470,382		$ (470,382)	-	Establish a revenue budget for the SHRA Pass Through
Non-Department	General (1001)	$ -	$ (2,200,000)	$(2,200,000)	-	Continue 12 days of Furloughs for Unrepresented Staff
Economic Uncertainty Reserve	General (1001)	$ -	$ 3,364,764	$ 3,364,764	-	One-time transfer to the Economic Uncertainty Reserve from Independent Budget Analyst funding, Wireless/Billboard revenues, SHRA Pass Through and Unrepresented Furloughs
Mayor/CC Operations	General (1001)	$ -	$ (120,000)	$ (120,000)	-	One-time transfer for additional audits in FY2011/12
Mayor/CC - Office of the City Auditor	General (1001)	$ -	$ 120,000	$ 120,000	-	One-time transfer for additional audits in FY2011/12
Non-Department	General (1001)	$ -	$ (170,000)	$ (170,000)		Transfer from Council District 6 Cell Tower accounts (80003112 and 80003113 - $85,000 each) to the Glenbrook and Oki Park Improvements Project (L19220000)[1]
General Services	General (1001)	$ -	$ -	$ -	-	Eliminate 1.0 FTE Sr. Building Maintenance Worker (Position #13547) and reduce services and supplies by $19,583, and restore 1.0 FTE Plumber (Position #39059)
Parks and Recreation	General (1001)	$ -	$ (427,298)	$ (427,298)	(5.01)	Reduction of recreation programs due to decline in Special Recreation user fees
Parks and Recreation	START (2501)	$ (591,825)	$ (591,825)	$ -	(8.00)	Reduction of START program
Parks and Recreation	4th R (6012)	$ (439,988)	$ (439,988)	$ -	(5.94)	Reduction of 4th R program
Parks and Recreation	General (1001)	$ (430,716)	$ (430,716)	$ -	(7.00)	Reduction of Cover the Kids program
Parks and Recreation	START (2501)	$ -	$ (145,637)	$ (145,637)	(1.00)	Transfer 1.0 FTE Recreation Manager (Position #90000) from START program to 4th R program
Parks and Recreation	4th R (6012)	$ -	$ 145,637	$ 145,637	1.00	Transfer 1.0 FTE Recreation Manager (Position #90000) from START program to 4th R program
Parks and Recreation	General (1001)	$ -	$ -	$ -	1.22	Eliminate 1.0 FTE Program Supervisor (Position #28923), restore: 1.0 FTE Customer Service Assistant (Position #28108), 0.72 FTE Utility Worker (Position #10275 & 31107) and 0.50 FTE Recreation Aide (Position #30980), and correct the 6/7/11 staffing chart to include an additional 1.0 Program Coordinator and reduce 1.0 Park Ranger as included in the Proposed Budget
Parks and Recreation	General (1001)	$ -	$ -	$ -	(1.00)	Eliminate 1.0 FTE Associate Planner (Position #32225) and transfer labor savings of $84,237 to offset community center costs.
Parks and Recreation	General (1001)	$ -	$ -	$ -	5.75	Restore 5.75 FTE for community centers without funding (costs to be absorbed by Department as part of transition plan)
Utilities	Water (6005)	$ -	$ -	$ -	-	Authorize the change in classification status of 1.0 FTE Administrative Analyst (Position #36307) from limited term to permanent.
Utilities	Water Forum Successor Effort (7103)	$ (35,707)	$ (218,277)	$ (182,570)	-	Adjust budget based on Water Forum Coordinating Committee approved cost sharing of American River programs with member agencies and use of fund balance in the amount of $483,468
Utilities	Habitat Management Element (7104)	$ 20,419	$ 506,951	$ 486,532	-	Adjust budget based on Water Forum Coordinating Committee approved cost sharing of American River programs with member agencies and use of fund balance in the amount of $486,532
	Total Change[2]:	**$ (201,370)**	**$ (464,706)**	**$ (263,336)**	**(21.98)**	

[1]The balancing transaction for CIPs are reflected on the CIP Budget Amendments Chart

[2]Totals reflect the changes from the Proposed Budget Document (*City Manager FTE was not included in the original FY2011/12 Proposed Budget*)

New Multi-Year Projects (CIP, EFP and MYOP[1])

Project Number	Project Name	Description / Scope
E02000100	Railyards Project Management	Establish a MYOP for the faciliation of project development including: affordable housing, financing, real property transactions, and remediation; and provide federal and state advocacy for funding of Railyards projects, including the City's capital projects, as well as private development infrastructure and housing.
L19220000	Glenbrook Park and River Access and Oki Park Improvements	Establish a new CIP for installation of a fabric shade canopy over the playground equipment and restroom improvements including the addition of privacy screening at Glenbrook Park, the installation of a fabric shade canopy over the playground equipment at Oki Park and the installation of a decomposed granite walkway loop with infrastructure for volunteers to plant a garden at the Glenbrook River Access.
W14121100	CFD 97-01 Improvements - North Natomas Comprehensive Drainage Plan (NNCDP)	CIP is being established to make improvements in the CFD 97-01 North Natomas Drainage system: including Pump Station 1B,the main drain canal, and basins.

[1]CIP - Capital Improvement Program/Project, EFP = Externally Funded Project, and MYOP = Multi-Year Operating Project

CIP Budget Amendments (Projects identified on this schedule will be included in the Approved 2011-2016 CIP)

Project Number	Project Name	Fund	Fund #	Revenue	Expenditure	Net Change	Funding Details
A04000100[1]	City Clerk Automation	General Fund	1001	$ -	$ (30,000)	$ (30,000)	One time transfer from the CIP to cover the FY2011/12 reduction to the City Clerk's Operating Budget
L19220000[1]	Glenbrook Park and River Access and Oki Park Improvements	General Fund	1001	$ -	$ 170,000	$ 170,000	Transfer from Council District 6 Cell Tower accounts (80003112 and 80003113 - $85,000 each)
W14121100	CFD 97-01 Improvements - NN Comprehensive Drainage Plan (NNCDP)	NN CFD97-01 Construction	3333	$ 2,000,000	$ 2,000,000	$ -	Recognize revenues received from an assessment for construction projects
W14121100	CFD 97-01 Improvements - NN Comprehensive Drainage Plan (NNCDP)	NN Drainage 2005 CFD 97-01	3328	$ -	$ 551,121	$ 551,121	Transfer from J22003200 ($269,074) and from fund balance ($282,047)
W14121100	CFD 97-01 Improvements - NN Comprehensive Drainage Plan (NNCDP)	NN Drainage CFD 97-01 Series C	3323	$ -	$ 67,580	$ 67,580	Transfer from fund balance
W14121100	CFD 97-01 Improvements - NN Comprehensive Drainage Plan (NNCDP)	NN Drainage CFD 97-01, Series A	3314	$ -	$ 417,588	$ 417,588	Transfer from J22001900 ($81,566) and from fund balance ($366,022)
Z14006000	Treatment Plant Rehabilitation Design	Water Fund	6005	$ -	$ (1,500,000)	$ (1,500,000)	Transfer from this project to fund balance
			Total	**$ 2,000,000**	**$ 1,706,289**	**$ (293,711)**	

[1]The balancing transaction for these CIPs are reflected on the FY2011/12 Appropriation/Augmentation Summary

Multi-Year Operating Project Budget Amendments[1]

Project Number	Project Name	Fund	Fund #	Revenue	Expenditure	Net Change
J22001900	North Natomas (NN) Drainage Series B_49AD	NN Drainage CFD 97-01	3314	$ -	$ (81,566)	$ (81,566)
J22003200	NN DRN 2005 CFD 97_62AD	NN Drainage 2005 CFD 97-01	3328	$ -	$ (269,074)	$ (269,074)
I14120400	Water Conservation Rebates	Water Fund	6005	$ -	$ 330,000	$ 330,000
I14120600	CSS Regulatory Compliance Support	Wastewater Fund	6006	$ -	$ 100,000	$ 100,000
I14120100	Legacy Landfill Operations	Solid Waste Fund	6007	$ -	$ 200,000	$ 200,000
I14120500	Solid Waste Container Replacement	Solid Waste Fund	6007	$ -	$ 1,580,683	$ 1,580,683
I14120300	SAFCA Levee Maintenance	Storm Drainage Fund	6011	$ -	$ 250,000	$ 250,000
I14120600	CSS Regulatory Compliance Support	Storm Drainage Fund	6011	$ -	$ 300,000	$ 300,000
I14120400	Water Conservation Rebates	Water Grants and Other Reimbursableursable Funds	6205	$ 381,000	$ 381,000	$ -
I14120200	Solid Waste Outreach	Solid Waste Grants and Other Reimbursable Funds	6207	$ 225,000	$ 225,000	$ -
I14120300	SAFCA Levee Maintenance	Storm Drainage Grants and Other Reimbursable Funds	6211	$ 462,000	$ 462,000	$ -
I14010300[2]	Sacramento River Source Water	Water Grants and Other Reimbursable Funds	6205	$ 21,445	$ -	$ (21,445)
I14010400[2]	American River Source Water	Water Grants and Other Reimbursable Funds	6205	$ 21,232	$ -	$ (21,232)
I14010200[2]	FY10-FY14 NPDES Stormwater Program	Storm Drainage Grants and Other Reimbursable Funds	6211	$ 750,000	$ -	$ (750,000)
			Total	**$ 1,860,677**	**$ 3,478,043**	**$ 1,617,366**

[1]Projects identified on this schedule will be added to Schedule 9 in the Approved Budget

[2]Project Expenditures were included on the Proposed Schedule 9 but without the associated Revenues

Exhibit 2

SUMMARY OF FTE BY FUND AND DEPARTMENT

Fund / Department	FY2010/11 Amended	Reductions	FY2011/12 Proposed	Council Adjustments	FY2011/12 Approved
General Fund (1001)					
City Attorney	48.00	-	48.00	(2.00)	46.00
City Clerk	10.00	-	10.00	-	10.00
City Manager	16.00	(1.00)	15.00	-	15.00
City Treasurer	12.00	-	12.00	-	12.00
Community Development	173.50	(8.00)	165.50	-	165.50
Convention, Culture & Leisure	95.19	(2.00)	93.19	-	93.19
Economic Development	18.00	(4.00)	14.00	-	14.00
Finance	72.00	2.00	74.00	-	74.00
Fire*	638.00	(49.00)	589.00	-	589.00
General Services	143.00	(9.50)	133.50	-	133.50
Human Resources	31.00	(2.00)	29.00	-	29.00
Information Technology	54.00	(5.00)	49.00	-	49.00
Mayor/Council	36.50	-	36.50	-	36.50
Parks & Recreation	335.84	(49.22)	286.62	(6.04)	280.58
Police	1,066.96	(167.00)	899.96	-	899.96
Transportation	349.25	-	349.25	-	349.25
Subtotal General Fund	**3,099.24**	**(294.72)**	**2,804.52**	**(8.04)**	**2,796.48**
START (2501)					
Parks & Recreation	166.50	-	166.50	(9.00)	157.50
Parking (6004)					
Transportation Department	59.25	-	59.25	-	59.25
Water (6005)					
Utilities	246.50	-	246.50	-	246.50
Sewer (6006)					
Utilities	70.50	-	70.50	-	70.50
Solid Waste (6007)					
Utilities	160.00	-	160.00	-	160.00
Sacramento Marina (6009)					
Convention, Culture & Leisure	7.80	-	7.80	-	7.80
Community Center (6010)					
Convention, Culture & Leisure	93.15	-	93.15	-	93.15
Storm Drainage (6011)					
Utilities	216.50	-	216.50	-	216.50
4th R Program (6012)					
Parks & Recreation	145.49	-	145.49	(4.94)	140.55
Fleet Management (6501)					
General Services	104.00	(13.00)	91.00	-	91.00
Risk Management (6502)					
Human Resources	20.00	-	20.00	-	20.00
Workers' Compensation (6504)					
Human Resources	20.00	-	20.00	-	20.00
City/County Office of Metropolitan Water Planning (CCOMWP, 7103)					
Utilities	4.00	-	4.00	-	4.00
Grand Total	**4,412.93**	**(307.72)**	**4,105.21**	**(21.98)**	**4,083.23**

* SAFER grant positions (27.0 FTE), approved by Council on 6/7/11, are included in FY2010/11 Amended as well as FY2011/12 Proposed and Approved.

Exhibit 3

Insert

FY2011/12 Approved Operating Budget

Exhibit 4

Insert

Approved 2011-2016 Capital Improvement Program

KEVIN JOHNSON
Mayor

ANGELIQUE ASHBY
Councilmember, District 1

SANDY SHEEDY
Councilmember, District 2

STEVE COHN
Councilmember, District 3

ROBERT KING FONG
Councilmember, District 4

JAY SCHENIRER
Councilmember, District 5

KEVIN MCCARTY
Councilmember, District 6

DARRELL FONG
Councilmember, District 7

BONNIE J. PANNELL
Vice Mayor
Councilmember, District 8

CITY OF SACRAMENTO FACTS

- The City of Sacramento was founded in 1849 and is the oldest incorporated city in California.
- In 1920, city voters adopted a Charter (municipal constitution) and a City Council/City Manager form of government.
- The City is divided into eight districts.
- Elected members of the City Council serve a four-year term.
- The Mayor is elected by all voters in the City. In 2002, voters approved a measure for the Mayor to serve full-time. All other Councilmembers are elected by district and serve part-time.
- The Mayor and other Councilmembers have an equal vote in all matters.
- The City of Sacramento currently encompasses approximately 99 square miles.
- The current estimated population is 486,189.

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