RESOLUTION NO. 2013-0198

Adopted by the Sacramento City Council

June 11, 2013

APPROVING THE FISCAL YEAR 2013/14
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 principles on February 12, 2013, for the development of the Fiscal Year (FY)2013/14 Proposed Budget:

   a. Focus reductions on achieving permanent savings in order to reduce future year deficits.
   b. FY2013/14 actions need to be considered within a multi-year context.
   c. New revenues will not be counted or spent until realized.
   d. One-time resources for one-time needs.
      - Invest to increase efficiency, yield future year savings, and/or address the City's deferred maintenance backlog.
   e. The Economic Uncertainty Reserve should be increased gradually to achieve the Council's goal of having a reserve equal to 10 percent of the General Fund revenue budget.

C. Voter approval of the Essential Services Protection Measure (Measure U) in November 2012 authorized the implementation of an additional one-half cent transaction and use tax effective April 1, 2013, and the establishment of an Oversight Committee. On February 12, 2013, the City Council adopted principles for the use of Measure U revenues.

   a. Resources will be allocated to the protection and restoration of City programs/services specifically enumerated in the Measure U ballot question as
      i. Essential public safety services including:
         1. 9-1-1 response
         2. police officers
         3. gang/youth violence prevention
         4. fire protection/emergency medical response

ii. Other essential services including:
    1. park maintenance
    2. youth/senior services
    3. libraries

b. Resources will not be allocated for new programs/services/facilities.

c. Restorations may not look/operate in the same manner as those that were eliminated in order to take advantage of effective and efficient means of programs/service delivery wherever possible.

d. Resources will not be used to balance the base General Fund budget, except where funds would provide for the protection of programs/services specifically included in the Measure U ballot question as identified above.

e. Resources will not be used to increase employee compensation.

f. Resources will be set aside annually to be used for the following:
    i. Contingency funding should revenues fall short of estimates
    ii. One-time funding for one-time expenses related to the delivery of the restored programs/services
    iii. Funding to transition programs and services in FY2019/20 when Measure U resources will no longer be available

g. The City Manager will prepare a transition plan to scale back the use of Measure U resources over time or identify alternate sources of funding for critical programs and services.

h. Resources will be accounted for and reported separately in order to facilitate review by the Council and the Oversight Committee established by the ballot measure.

D. The City Manager released the FY2013/14 Proposed Operating Budget and the 2013-2018 Proposed Capital Improvement Program (CIP) (which includes the FY2013/14 CIP Budget) consistent with City Charter requirements, for review and consideration.

E. The Mayor and City Council conducted hearings during the months of May and June 2013 related to the adoption of the City's FY2013/14 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 FTE set forth in Exhibit 2, are hereby approved.

B. The FY2013/14 Operating and CIP Budgets, as defined in Section 2.1, are hereby approved (collectively the "Approved Budget").

C. The 2013-2018 CIP, which provides a comprehensive five-year plan for the City's capital project expenditures, is hereby approved.

D. Sections 1 through 17 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 FY2013/14 Approved Operating Budget and 2013-2018 CIP.

F. Exhibits 1 through 5, inclusive, are part of this resolution.

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 2012-185.

SECTION 2. DEFINITIONS

2.1 "Approved Budget" consists of the following documents:

(1) The "Operating Budget," which is the FY2013/14 Proposed Operating Budget, as amended by the City Council to incorporate the approved summary of changes in appropriations set forth in Exhibit 1, FTE set forth in Exhibit 2, and Measure U Restorations set forth in Exhibit 3 (the Approved Operating Budget is attached as Exhibit 4); and

(2) The "Capital Improvement Program budget," which is the FY2013/14 Proposed Capital Improvement Program (CIP) Budget, as summarized in Schedule 4 of the FY2013/14 Operating Budget and detailed in the 2013-2018 CIP, as amended by the City Council to incorporate the Proposed CIP, the summary of changes in appropriations set forth in Exhibit 1 (the Approved CIP is attached as Exhibit 5).

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; Convention, Culture & Leisure; Community Development; Economic Development; Finance; Fire; General Services; Human Resources; Information Technology; Parks & Recreation; Police; Public Works; Utilities; Projects; Debt Service; Citywide and Community Support; 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 FY2012/13 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.

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 2B as displayed in Exhibit 4.

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 Approved Operating Budget to reflect the indirect cost plan for FY2013/14.

3.6 The City Manager is authorized to add FTE, establish appropriations and reimbursements between department operating budgets and the Multi-Year Operating projects, established to track Measure U expenditures, as detailed in Exhibit 3.

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 FY2012/13, to adjust FY2013/14 fund contingencies by the amount of net changes in available fund balance. 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 Operating 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 The City Manager is authorized to adjust staffing levels for renewals, expansions, or reductions to fully offset City Council-approved operating 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. 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.

5.3 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.

5.4 The City Manager is authorized to modify authorized FTE classification(s) as necessary to reflect current incumbent status based on the established flexibly staffed classifications included in labor contracts.

5.5 All new job classifications or classification changes (as identified in Exhibit 4, 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 for the COPS Hiring Recovery Program (CHRP) grant and 25.0 Police Officer FTE positions for the Cops Hiring Program (CHP) grants upon the adoption of the budget and demonstration that reductions in sworn officer positions are due to citywide budget reductions.

5.8 The Director of Human Resources is authorized to establish non-budgeted positions for the Mayor and Council Offices to be funded from existing operations budgets.

5.9 The Mayor's Office staffing shall be increased by 1.0 FTE Program Analyst to assist with his tenure with the United States Conference of Mayors and the National Conference of Black Mayors through FY2014/15.

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 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 presented 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 $24.4 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. Consistent with Governmental Accounting Standards Board Statement No. 54, (*Fund Balance Reporting and Governmental Fund Type Definitions*), Council adopted parameters for using the EUR are as follows:

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

(2) Any release from the EUR 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, Solid Waste Fund, Storm Drainage Fund, Water Fund, and/or Wastewater 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 Community Center Fund subject to the availability of funds. As of June 30, 2012, the Risk Fund loan to the Community Center Fund totaled approximately $6.8 million.

SECTION 7. OTHER APPROPRIATION TRANSFERS

7.1 Operating appropriation transfers within the same department, including the department's established fleet multi-year operating project, 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, 2013, after adjustments specifically provided for in other sections of this resolution, 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 All purchase order commitments outstanding on June 30, 2013, and associated appropriations, are hereby continued.

8.4 Unobligated appropriations in existence on June 30, 2013, for Fire Department station expenses (Account 481230) pursuant to the current Fire labor contract, shall be carried over to the next fiscal year.

8.5 Unobligated appropriations in existence on June 30, 2013, for the City Council operations budget shall be carried over to the next fiscal year.

8.6 Unobligated appropriations in existence on June 30, 2013, 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.

8.7 The Rental Housing Inspection Program Fees and Medical Marijuana Permit Fees have been established to recover the costs of the program. The City Manager is authorized to carryover excess revenues for these programs provided the full cost of the current year operations for these programs have been recovered.

8.8 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.

8.9 Unobligated appropriations in existence on June 30, 2013, in the Department of Information Technology operations budget shall be transferred to the IT Equipment Replacement Program (A07000300) to create a funding mechanism for citywide technology.

SECTION 9. REVENUE BUDGET

9.1 The FY2013/14 revenue budget is summarized in Exhibit 4, 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.

9.3 The City Manager is authorized to implement biennial Consumer Price Index (CPI) increases if the increases are warranted based on the adopted Fees and Charges Policy.

9.4 Unbudgeted one-time general revenue received in a fiscal year, which is not required to balance the budget as part of the midyear review or fiscal year-end close, shall be added to the General Fund Economic Uncertainty Reserve.

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 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;

(a) The City Facility Reinvestment Program (C13900000) formerly known as the City Facility Deferred Maintenance Program (C13000500) are to be considered one program for the purposes of budgetary authority; and

(3) 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 have the authority to process the necessary documentation to close inactive projects.

10.5 All multi-year CIP projects in existence on June 30, 2013, shall be continued in FY2013/14, except as provided otherwise in Section 10.4. The FY2013/14 CIP Budget is summarized on Schedules 2 and 4 as displayed in Exhibit 4 and on Schedule 4 as displayed in Exhibit 5.

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 6.3); 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;

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 (Fund 2001) 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 this fund 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 New Measure A Project Construction Sales Tax are included within the CIP Budgets for planning purposes. Work on CIP projects funded by New Measure A Project Construction Sales Tax (Fund 2023) is done prior to receiving funding, and project funding/authorization for these projects shall be as follows:

(1) Fund 2023 expenditure and revenue budgets will not be loaded into the City's financial system until Sacramento Transportation Authority (STA) Board approval and Council appropriation through separate council action.

10.14 Projects funded by the following reimbursable (grant) funds are included within the Operating and CIP Budgets for planning purposes: Funds 3702, 3703, 3704, 6205, 6206, 6207, and 6211. Work on CIPs funded by these sources is done prior to receiving funding, and project funding/authorization for these projects shall be as follows:

(1) <u>Funds 3702, 3703, 3704, 6205, 6206, 6207, and 6211</u>: Expenditure and revenue budgets will not be loaded into the City's financial system until agreements (Program Supplements/E-76's and Cooperative Agreements, etc.) have been executed between the City and the funding authority.

(2) <u>Funds 3703 and 3704</u>: 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 City Manager is 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.

10.15 The 2013-2018 CIP Budget (Schedule 4, Exhibits 4 and 5) 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

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

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

(a) Any increase or decrease, by department by fund, in FTE 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 and to authorize spending and allocation of resources in excess of $100,000 in advance of formal agreements when 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 (agencies) to obtain approval to enter into agreements and accept reimbursements.

(3) Operating Grants 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.

11.2 The City Manager is authorized to adjust FTE 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 a grantor requires City Council action, as a condition of funding the grant, then establishment of the grant shall require approval by the City Council regardless of the grant amount.

11.4 All multi-year operating grant budgets in existence on June 30, 2013, shall be continued in FY2013/14.

11.5 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.

11.6 The City Manager is authorized to establish revenue and expenditure budgets for federal/state grant-funded youth programs, and parks and recreation programs in 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.

11.7 Each fiscal year, on June 30, the balance of each grant budget must be zero or have a positive balance by fund. Grants in excess of the budget from all funding sources (total budget has 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 6.3); 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.

11.8 The City Manager is authorized to adjust grant and operating expenditure budgets to account for Council approved grant match and retention obligations.

11.9 The City Manager is authorized to adjust revenue and expenditure operating grant budgets to reflect actual revenues received and expenditures incurred upon closure of a project in compliance with the original grant award and any amendments.

SECTION 12. EXTERNALLY FUNDED PROGRAMS (EFP)

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

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

(a) Any increase or decrease, by department by fund, in FTE 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) EFPs 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.

12.2 All multi-year EFP budgets in existence on June 30, 2013, shall be continued in FY2013/14.

12.3 The City Manager is authorized to adjust revenue and expenditure budgets for EFP renewals, up to the amount previously approved by City Council, and augmentations up to $100,000.

12.4 Each fiscal year, on June 30, the balance of each EFP budget must be zero or have a positive balance by fund. EFPs in excess of the budget from all funding sources (total budget has 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 6.3); 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 13. MULTI-YEAR OPERATING PROJECTS (MYOP)

13.1 MYOPs 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;

(3) Department fleet (vehicle and/or equipment) charges from the Fleet Management internal service fund; and

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

13.2 City Council approval is required for the establishment and/or cancellation (without completion) of a MYOP.

13.3 MYOPs 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.

13.4 Unobligated appropriations in existence on June 30, 2013, for all existing MYOPs, shall be carried over to the next fiscal year.

13.5 MYOPs shall be used solely for the originally approved program or study. Annually, completed or inactive MYOPs 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.

13.6 Each fiscal year, on June 30, the balance of each MYOP must be zero or have a positive balance by fund. Projects in excess of the budget from all funding sources (total budget has a negative balance) shall be treated as follows:

(1) If the MYOP balance exceeds budget by $100,000 or less, the MYOP shall first be corrected within each fund and, second, any remaining negative balance shall be corrected by a transfer from the MYOPs manager's Operating Budget (all transfers of $100,000 or less shall be made as provided for in Section 6.3); or

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

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

13.8 The City Manager is authorized to review MYOPs on an annual basis and return excess funds to the fund balance or contingency of the respective fund.

13.9 Unobligated fiscal year appropriations in the Measure U MYOPs (Fund 2401) at the close of the fiscal year shall be returned to Measure U fund balance.

SECTION 14. IN-LIEU PROPERTY TAXES AND IN-LIEU FRANCHISE FEE

14.1 An in-lieu property tax and in-lieu franchise fee are hereby imposed on the Community Center (Fund 6010), and Parking (Fund 6004) funds in the amounts provided in Schedule 3 as displayed in Exhibit 4. 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 15. APPROPRIATION LIMITS

15.1 The appropriation limit and the appropriations subject to the limit are hereby amended pursuant to Article XIIIB of the California Constitution for FY2013/14 as detailed in Schedule 5 as displayed in Exhibit 4.

SECTION 16. MIDYEAR FINANCIAL REPORT

16.1 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.

16.2 The City Council shall act on any projected fund deficits as part of the midyear review.

SECTION 17. MISCELLANEOUS CONTROLS/CONSIDERATIONS

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

17.2 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.

17.3 The City Manager is authorized to:

(1) Adjust budgets to reflect all required debt service and related payments, including adjustments to rate stabilization reserves, pursuant to City debt agreements;

(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) Establish and/or adjust revenue and expenditure budgets for EFPs and operating grants as detailed in Schedule 9 as displayed in Exhibit 4.

(5) Transfer appropriations from the operating budget to MYOPs for fleet replacement and projects as detailed in Schedule 9 as displayed in Exhibit 4.

17.4 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.

17.5 The Director of Finance is authorized to establish the Economic Development Fund to be funded with property tax revenues received as a result of the dissolution of redevelopment.

(1) Staff will return to Council to establish policies, principles, and a process for the allocation of these resources when actual revenues are received.

17.6 The Marina Fund (6009) shall be changed from an enterprise fund to a special revenue fund (Fund 2608) effective July 1, 2013.

Table of Contents:

Exhibit 1 – Summary of Changes in Appropriations and New Projects
Exhibit 2 – Summary of FTE by Fund and Department
Exhibit 3 – Measure U Restorations
Exhibit 4 – Approved Operating Budget
Exhibit 5 – Approved Capital Budget

Adopted by the City of Sacramento City Council on June 11, 2013 by the following vote:

Ayes: Councilmembers Ashby, Cohn, Fong, Hansen, Pannell and Mayor Johnson

Noes: Councilmembers McCarty, Schenirer and Warren

Abstain: None

Absent: None

Vice Mayor Angelique Ashby

Attest:

Shirley Concolino

Shirley Concolino, City Clerk

FY2013/14 Appropriation/Augmentation Summary

Department/ Designation	Fund(s)	Fund #	Revenue/ Offset Adjustment	Expenditure Adjustment	Net Change / Savings	Funded FTE Change	Description
Citywide and Community Support	General	1001	$ -	$ (391,500)	$ (391,500)	-	Reduce fund balance
Mayor and City Council	General	1001	$ -	$ 391,500	$ 391,500	-	Increase Mayor and Council operating budgets by $391,500 ($43,500 per member and the Mayor)
Mayor and City Council	General	1001	$ -	$ 88,200	$ -	1.00	Transfer of 1.0 vacant FTE to the Mayor's Office for two-years.
Public Works	General	1001	$ -	$ (88,200)	$ -	(1.00)	Transfer of 1.0 vacant FTE to the Mayor's Office for two-years.
Public Works	General	1001	$ -	$ -	$ -	-	Change two 1.0 FTE Parking Enforcement Officers to four 0.5 FTE Parking Enforcement Officer positions to provide staffing flexibility.
City Treasurer	Assessment Bond Registration	2210	$ (52,207)	$ -	$ (52,207)	-	Reduce revenues in the fund based on anticipated expenditures included in the Proposed Budget.
Utilities	Water	6005	$ -	$ 177,972	$ 177,972	-	Remove labor adjustment that was carried over from prior year in error
Utilities	Wastewater	6006	$ -	$ 108,632	$ 108,632	-	Remove labor adjustment that was carried over from prior year in error
Utilities	Storm Drainage	6011	$ -	$ 951,301	$ 951,301	-	Remove labor adjustment that was carried over from prior year in error
		Total Change[1]	**$ (52,207)**	**$ 1,237,905**	**$ 1,185,698**	**-**	

[1]Total reflects the changes from the Proposed FY2013/14 Operating Budget.

FY2013/14 CIP Budget Amendments

(projects and adjustments identified on this schedule will be included in the Approved 2013-2018 CIP)

Project Number	Project Name	Fund	Fund #	Revenue	Expenditure	Net Change	Funding Details
A13000200	Fleet Management Technology Program	Fleet	6501	$ -	$ (75,000)	$ (75,000)	Reduce the FY2013/14 CIP by $75,000 and increase the CIP programming in FY2017/18 by $50,000
B13000100	Fleet Facilities Program	Fleet	6501	$ -	$ -	$ -	Increase the FY2015/16 through FY2017/18 CIP by $325,000 each year
C13000100	Fuel Management & Support Equipment Program	Fleet	6501	$ -	$ (50,000)	$ (50,000)	Reduce the FY2013/14 CIP by $50,000 and increase the CIP programming in FY2017/18 by $100,000
D13000200	Fleet Alternate Fuel Equipment Replacement Program	Fleet	6501	$ -	$ (50,000)	$ (50,000)	Reduce the FY2013/14 through FY2016/17 CIP programming by $50,000 and increase the CIP programming in FY2017/18 by $50,000
L19165100	Sundance Park Improvements	Park Development Impact Fee	3204	$ -	$ (78,400)	$ (78,400)	Delete project from the FY2013/14 CIP as project scope is still being developed
			Total	**$ -**	**$ (253,400)**	**$ (253,400)**	

Exhibit 2

SUMMARY OF FTE BY FUND AND DEPARTMENT
FY2013/14 FULL-TIME EQUIVALENT (FTE) POSITIONS

Fund (#)/Department	FY2012/13 Amended*	Reductions	Other Modification	FY2013/14 Proposed	Council Adjustments	FY2013/14 Approved
General Fund (1001)						
Mayor/Council	29.00	-	1.00	30.00	1.00	31.00
City Attorney	47.00	-	(1.00)	46.00	-	46.00
City Clerk	13.00	-	2.00	15.00	-	15.00
City Manager	12.00	-	1.00	13.00	-	13.00
City Treasurer	12.00	-	-	12.00	-	12.00
Citywide and Community Support	19.00	-	-	19.00	-	19.00
Community Development	164.50	-	(2.00)	162.50	-	162.50
Convention, Culture & Leisure	33.83	-	2.57	36.40	-	36.40
Economic Development	11.00	-	-	11.00	-	11.00
Finance	77.00	-	6.00	83.00	-	83.00
Fire*	613.50	(4.00)	-	609.50	32.00	641.50
General Services	134.50	(1.00)	(5.50)	128.00	1.00	129.00
Human Resources	29.00	-	1.00	30.00	-	30.00
Information Technology	49.00	-	1.00	50.00	-	50.00
Parks and Recreation*	261.55	-	(2.94)	258.61	72.95	331.56
Police*	919.96	(33.00)	(73.00)	813.96	126.00	939.96
Public Works	350.25	(2.00)	(2.00)	346.25	(1.00)	345.25
Subtotal: General Fund	**2,776.09**	**(40.00)**	**(71.87)**	**2,664.22**	**231.95**	**2,896.17**
Enterprise Funds						
Community Center (6010)						
Convention, Culture & Leisure	93.15	-	-	93.15	-	93.15
Marina (6009)						0
Convention, Culture & Leisure	7.80	-	-	7.80	(7.80)	-
Parking (6004)						0
Public Works	59.25	-	1.00	60.25	-	60.25
Solid Waste (6007)						0
General Services	153.00	-	-	153.00	-	153.00
Storm Drainage (6011)						0
Utilities	192.00	(2.00)	(4.50)	185.50	-	185.50
Wastewater (6006)						0
Utilities	76.00	-	2.00	78.00	-	78.00
Water (6005)						0
Utilities	242.50	(1.00)	4.50	246.00	-	246.00
Subtotal: Enterprise Funds	**823.70**	**(3.00)**	**3.00**	**823.70**	**(7.80)**	**815.90**
Internal Service Funds						
Fleet Management (6501)						
General Services	87.00	(2.00)	-	85.00	-	85.00
Risk Management (6502)						0
Human Resources	20.00	-	-	20.00	-	20.00
Workers' Compensation (6504)						0
Human Resources	20.00	-	-	20.00	-	20.00
Subtotal: Internal Service Funds	**127.00**	**(2.00)**	**-**	**125.00**	**-**	**125.00**

* Adjusted for Measure U (25.0 FTE) and other grant (0.6 FTE) or agreement (2.0 FTE) modifications made in FY2012/13.

Fund (#)/Department	FY2012/13 Amended*	Reductions	Other Modification	FY2013/14 Proposed	Council Adjustments	FY2013/14 Approved
Other Governmental Funds						
4th R Program (6012)						
Parks and Recreation	140.55	-	(36.65)	103.90	-	103.90
Golf (2603)						0
Convention, Culture & Leisure	1.00	-	-	1.00	-	1.00
Marina (2608)						0
Convention, Culture & Leisure	-	-	-	-	7.80	7.80
START (2501)						0
Parks and Recreation	157.50	-	(16.20)	141.30	-	141.30
Water Planning (7103)						0
Citywide and Community Support	4.00	-	-	4.00	-	4.00
Subtotal: Other Governmental	**303.05**	**-**	**(52.85)**	**250.20**	**7.80**	**258.00**
TOTAL	**4,029.84**	**(45.00)**	**(121.72)**	**3,863.12**	**231.95**	**4,095.07**

* Adjusted for Measure U (25.0 FTE) and other grant (0.6 FTE) or agreement (2.0 FTE) modifications made in FY2012/13.

Exhibit 3

FY2013/14 MEASURE U RESTORATIONS

Measure U Restorations	FTE*	FY14
FIRE DEPARTMENT		
SAFER Grant Retention	-	1,503
January 2013 Brownout - Restoration	-	1,380
Fire Company Restoration - April 2013	-	1,652
Fire Company *(Engine 1)* Restoration-July 2013 *(1/2 year funding, revisit FY14 Midyear)*	12.00	826
Two Medic Units - January 2014	12.00	690
Technology	4.00	479
Fiscal Support	2.00	204
Fire Prevention	1.00	165
Human Resources	1.00	100
Recruit Academy	-	570
Additional Medic Revenues	-	(300)
Grant Retention for Future Years	-	1,300
Fire Department Subtotal	**32.00**	**8,569**
POLICE DEPARTMENT		
COPS' Universal Hiring Program Retention	60.00	2,734
Field & Operations	34.00	4,467
Police Officers *(cadets)* - January 2014	15.00	604
Investigations	6.00	716
Forensics	6.00	300
Communications	4.00	200
Crime Analysis	1.00	100
Grant Retention for Future Years	-	2,749
Police Department Subtotal	**126.00**	**11,870**
Public Safety Total:	**158.00**	**20,439**
PARKS DEPARTMENT		
Aquatics *(includes the Junior Lifeguard program, added revenues and YMCA savings)*	27.00	1,558
Community Centers/Teen Services	21.90	1,000
Park Maintenance	21.00	1,600
Senior Programs *(Arms, Caring Neighborhoods, Hart Center)*	1.50	172
Teen Services *(includes Summer at City Hall and 2 additional Hot Spots)*	0.55	100
Gang Prevention	1.00	50
Capital Investment	-	250
Parks Department Subtotal	**72.95**	**4,730**
MISCELLANEOUS RESTORATIONS		
Animal Control Officer	1.00	85
Library Restoration	-	506
Miscellaneous Total	**1.00**	**591**
Total Measure U Restorations	**231.95**	**25,760**
Annual Reserve		1,240
Grant Retention for Future Years		4,049
Cumulative Reserve		**5,289**

*231.95 FTE are recommended in FY2013/14 in addition to 25.0 FTE approved in FY2012/13 *(1.0 in Parks-Aquatics and 24.0 in Fire)* and 41.0 proposed FTE in future years *(27.0 in Fire and 14.0 in Police)*

FY2013/14 MEASURE U – POSITIONS

Department	Division	Job Classification	FTE
Fire	Office of Administrative Services - Advanced Life Support	TBD (study underway)	12.00
	Office of Administrative Services - Fire Communications	Application Developer	2.00
		Geographic Information Systems Specialist III	1.00
		Principal Systems Engineer	1.00
	Office of Administrative Services - Fire Prevention Service	Senior Fire Officer	1.00
	Office of Administrative Services - Human Resources	Investigator	1.00
	Office of Fire Chief - Fiscal	Account Clerk II	1.00
		Administrative Officer	1.00
	Suppression	Fire Captain	3.00
		Fire Engineer	3.00
		Firefighter	6.00
		Fire Total	**32.00**
Police	Communications	Dispatcher II	4.00
	Crime Analysis Unit	Administrative Analyst	1.00
	Forensics	Forensic Investigator II	6.00
	Investigations	Police Officer (Detectives)	6.00
	Patrol	Police Officer	101.00
		Sergeant	4.00
	Specialty Units	Police Officer	4.00
		Police Total	**126.00**
Parks and Recreation	Neighborhood Services	Program Analyst (effective 1/1/14)	1.00
	Park Operations - Aquatics	Assistant Pool Manager	2.00
		Cashier	2.00
		Human Service Program Coordinator	1.00
		Lifeguard	7.00
		Pool Manager	2.50
		Senior Lifeguard	10.00
		Utility Worker	2.50
	Park Operations – Park Maintenance	Irrigation Technician	2.00
		Park Maintenance Superintendent	1.00
		Park Maintenance Worker	11.00
		Utility Worker	7.00
	Recreation - Community Centers	Custodian II	1.00
		Customer Service Assistant	1.00
		Human Service Program Coordinator	1.15
		Program Coordinator	2.00
		Program Supervisor	1.00
		Recreation Aide	10.75
		Senior Recreation Aide	1.40
		Utility Worker	1.50
	Recreation - Teen Services	Human Service Program Coordinator	1.60
		Recreation Aide	1.15
		Special Program Leader	0.40
	Recreation - Senior Programs	Human Service Program Coordinator	1.00
		Program Supervisor	(1.00)
		Recreation Superintendent	1.00
		Parks and Recreation Total	**72.95**
General Services	Animal Care Services	Animal Control Officer	1.00
		General Services Total	**1.00**
		Total Measure U Positions	**231.95**

Exhibit 4

Insert

FY2013/14 APPROVED OPERATING BUDGET

Exhibit 5

Insert

APPROVED 2013-2018 CAPITAL IMPROVEMENT PROGRAM