



OFFICE OF THE
CITY MANAGER

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MEMORANDUM

DATE: October 20, 2008

TO: All City Employees

FROM: Ray Kerridge, City Manager

SUBJECT: **Midyear Budget Reductions**

On October 15, I met with my management team at an all day planning session regarding budget strategies for the current fiscal year as well as budget development strategies for Fiscal Year (FY)09/10. As you know, these are extremely difficult economic times for everyone: regionally, nationally, and internationally. The City Treasurer presented to Council last Tuesday evening the state of economic crisis and how it impacts the City of Sacramento. His presentation can be viewed on the City's website.

Revenues for the current FY are coming in lower than expected. In order to preserve as many jobs as possible, we need to immediately implement steps to reduce our expenditures. The measures below are to be implemented as stated:

- Effective January 1st, unrepresented employees will be required to take a mandatory unpaid furlough of one day per month. More detailed information on how departments will implement the furlough will be provided at a later date. The expected General Fund savings could be close to \$1.75 million over a six month period. The expected Non-General Fund savings could be close to \$360,000 over a six month period.
- Continue the hiring freeze (only exceptions would be mission critical and revenue generating positions). Approval for hiring must be reviewed on a case by case basis by the City Manager's Office and/or the Charter Officer.
- Hard freeze on the following types of expenditures including travel, food, equipment, training, subscriptions, and memberships. Approval for these types of expenditures must be reviewed on a case by case basis by the City Manager's Office and/or the Charter Officer.

- Finally, we will bring to City Council for their consideration a Voluntary Separation Program (VSP) for Public Safety which would be funded from Public Safety budgets. In addition, citywide opportunities for VSP will also be considered.

It is also likely that there will be more reductions in the coming weeks and months in order to better align current year revenues and expenses. In addition, departments that have identified department specific revenue or expenditure challenges are currently working on plans to address these issues.

Based on our discussion regarding FY09/10, we have tentatively planned a Council budget workshop for January. You can expect to hear from me again on all of these issues as soon as additional information is available.

On a personal note, we are unhappy that we have to take these measures. We know that these measures will create hardships for all of us. But we have a responsibility to live within our means and continue to provide the best possible services to the citizens who rely on us. Thank you for your continued hard work and dedication to the community.