

APPROVED BUDGET IN BRIEF...

The City of Sacramento's mission is to protect, preserve and enhance the quality of life for present and future generations.

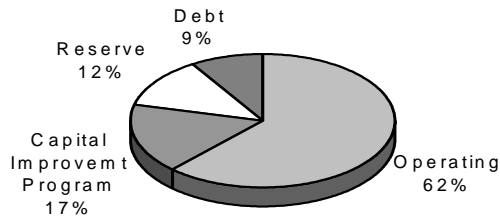


Sacramento City Hall Project Opening Spring 2005 - Graphic Courtesy of Fentress Bradburn Architects

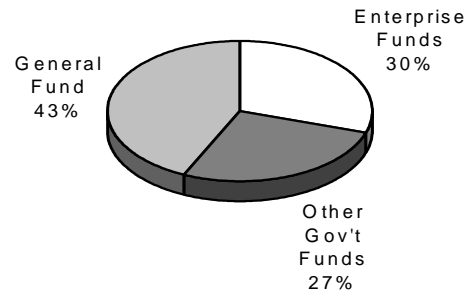
FY2003/04

APPROVED TOTAL CITY BUDGET \$707 MILLION

Expenditures by Category



Expenditures by Major Funds



DEFINITIONS ...

General Fund, an approved total of \$304 million and 3,395 FTEs, is the City's principal operating account. It is supported primarily by taxes and fees and generally has no restrictions on its use. The General Fund provides support to the Charter Offices, Support Services, Police, Fire, Public Works, Neighborhood Services, Parks & Recreation, Economic Development, Planning & Building, and Convention, Culture & Leisure Departments for operations & capital improvements.

Enterprise Funds, an approved total of \$210 million and 913.56 FTEs, are used to account for self-supporting activities which provide services on a user-charge basis. Fees collected support operating & capital improvement costs. The City has eight enterprise funds including water, sewer, drainage, solid waste, parking, community center, golf and marina.

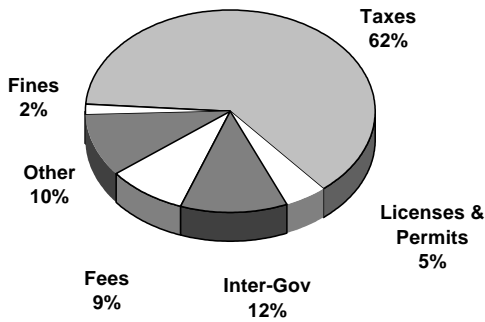
Special Revenue Funds, are used to account for activities paid for by designated taxes or other restricted use revenue sources that have specific limitations on use according to law. The City has over fifty special revenue funds.

FY2003/04 BUDGET MESSAGE . . .

- Maintain the sustainable budget concept
- Balance the FY2003/04 Approved Budget:
 - Hiring controls which restrict filling of vacant positions have been instituted and are expected to result in salary savings
 - New revenues are approved to help offset the cost of maintaining service levels
 - Reserves and funding reallocations will be used to help close the gap
 - Increased service demands resulting from growth are addressed through reallocation of resources within existing budgets
 - An organizational assessment to identify opportunities for savings will be performed in order to plan for the future
- Future uncertainties include: potential loss of \$18 to \$20 million in State revenues; the County is facing large budget reductions and a structural imbalance in the General Fund; cost of maintaining service levels in the face of sluggish revenue growth due to weak economy.

WHERE THE GENERAL FUND MONEY COMES FROM ...

Approved General Fund Resources: \$304 million



Taxes: This includes property, sales, utility users, business operations, property transfer and transient occupancy taxes collected to fund City general operating costs.

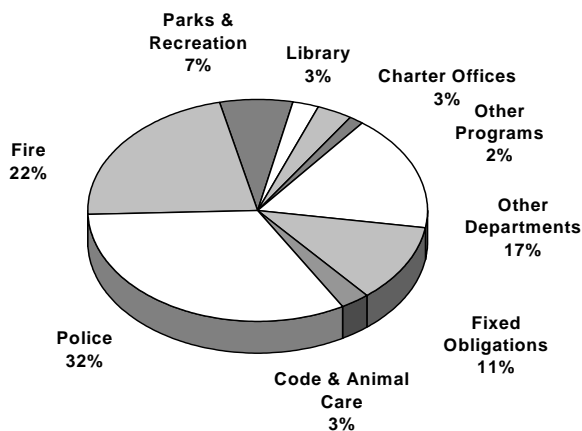
Inter-Governmental: This is comprised of disbursements from other agencies such as State Motor Vehicle in Lieu Tax, State Homeowners' Property Tax Relief and revenue reimbursement for services provided to other agencies.

Licenses/Permits: This includes revenues collected for construction, maintenance and/or operation of designated equipment, businesses, buildings, private property and animals.

Fees: This is comprised of fees charged to the user of any specific service provided by the City not supported by the General Fund. Such fees cannot exceed the cost of providing the service.

Other: This includes interest earned on City investments; fines, forfeitures and penalties; and unanticipated revenues.

Approved General Fund Expenditures: \$304 million



Approved General Fund Expenditures

(in millions)

Code and Animal Care	\$ 8.2
Police	\$97.6
Fire	\$64.8
Parks & Recreation	\$20.5
Library	\$ 7.6
Charter Offices	\$ 9.5
Other Programs	\$ 4.7
Other Departments	\$57.2
Fixed Obligations	\$33.9

Approved Budget Highlights

The FY2003/04 Approved Budget includes modest adjustments centered on Mayor and City Council priorities and the City's Strategic Plan. The most significant ongoing funding increases are for further implementation of the Animal Care Blue Ribbon Committee recommendations and legal mandates as well as the staffing of the North Natomas Fire Station. Other specific highlights include:

Implementation of Mayor and City Council Priorities

- ◆ Addition of 3.0 FTE to Animal Care, including a veterinarian and volunteer/rescue coordinator, to further implement the Animal Care Blue Ribbon Committee recommendations, and meet legal mandates;
- ◆ Addition of 1.0 Citywide ADA (Americans with Disabilities Act) Coordinator to increase City responsiveness to ADA issues;
- ◆ Support to expand the City's legislative advocacy efforts (\$200,000);
- ◆ Direct funding to support the delivery of small capital projects, effectively reducing the indirect costs charged to these projects (\$300,000);
- ◆ Support to establish campaign financing for Council elections (\$300,000).

Maintain Service Levels and Respond to Growth

- ◆ Addition of 15.0 FTE to the Fire Department to provide for new staffing of the new North Natomas fire station anticipated to open in the fall of 2004, funding for a Community Outreach program (\$430,000) and 1.0 FTE funding for protective equipment and safety programs (\$570,000).
- ◆ Addition of 2.0 FTE to Utilities Field Services for maintenance of new joint use areas related to detention basins;
- ◆ Addition of 5.5 FTE to Parks Maintenance to support increased service demands;
- ◆ Increased funding in Solid Waste to address the increased service demands in street cleaning, garbage, recycling and garden refuse;
- ◆ Addition of 18.0 FTE to Planning and Building to support increased service demands from building construction activities.

Protect the Investment in Public Assets

- ◆ Additional funding to address sidewalk repair complaints (\$70,000);
- ◆ Addition of 2.0 FTE in Public Works and associated services and supplies costs to address maintenance at an increased number of public facilities (\$400,000);
- ◆ Support for Water Conservation Programs as required under the Water Forum Agreement (\$243,000);
- ◆ Continued funding to address the deferred maintenance backlog of City-owned facilities (\$1 million);
- ◆ One-time funding to retrofit parks to increase maintenance efficiency (\$1 million).

THE CITY'S 5-YEAR CAPITAL IMPROVEMENT PROGRAM

What is a Capital Improvement?

Capital Improvements are major projects undertaken by the City that are generally not recurring and are projects, facilities or equipment that will cost more than \$10,000 and last longer than five years.

What is the Capital Improvement Program?

The Capital Improvement Program is a comprehensive five-year plan for capital project expenditures. The plan is a guide for identifying current and future financial requirements and becomes the basis for determining the annual capital budget.

What is the Annual Capital Improvement Budget?

The annual capital improvement budget is the current fiscal year Capital Improvement Program for which projects are approved for funding by City Council. All other projects with funding in the four subsequent years within the five-year Capital Improvement Program are approved by City Council in concept. For projects not completed by year-end, the unspent project budget carries forward to the next fiscal year.

How is the Capital Program paid for?

The Capital Program is funded by a variety of sources. The main funding sources include the water, sewer and storm drainage funds which are supported by user fees and special funds that are earmarked for transportation purposes such as Measure A, Gas Tax and Major Street Improvement Tax. Debt financing supported by these various funds is sometimes used to pay for major projects.

How are projects selected for funding?

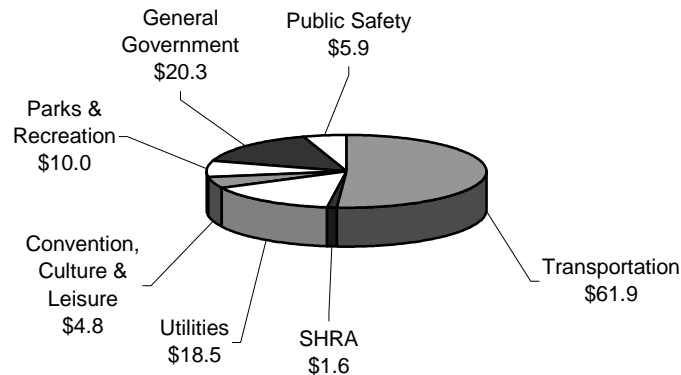
Community input, projects selected via City Council adopted Master Plans, critical need for the projects, funding availability, City Manager and City Council priorities and consistency with the City's Strategic Plan are all factors considered in identifying projects to include in the approved Capital Improvement Program.

FY2003/04 CAPITAL BUDGET

Highlights of projects approved for FY2003/04 include:

- Total capital budget for FY2003/04 is \$123.0 million. The General Fund portion of the total is \$5.8 million.
- The general fund programming includes \$500,000 for the Citywide American with Disabilities Act Modifications Project, \$1 million for the Deferred Maintenance Program for City facilities and \$1 million for Citywide Park Maintenance Improvements.
- Other projects funded through a variety of funding sources include: I-5 Riverfront Reconnection, Combined Sewer System Rehabilitation, Citywide Park Maintenance Improvements, North Central Business Districts Access Improvements and the North Natomas Fire Station and Library.

**FY2003/04 Capital Improvement Program
Projects by Program - Dollars in Millions
\$123.0**

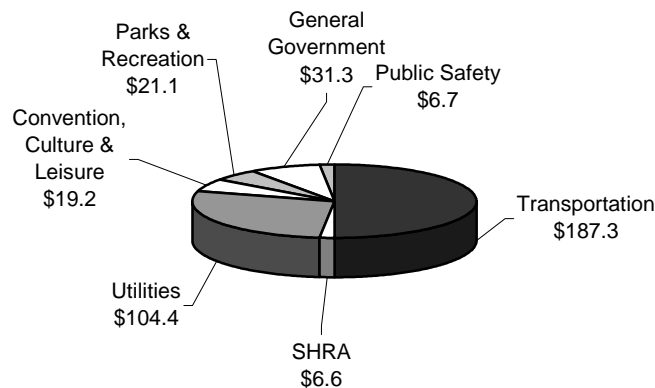


5-YEAR CAPITAL PROGRAM HIGHLIGHTS

Highlights of projects approved for FY2003-2008 include:

- FY2003-2008 Approved 5-Year Capital Improvement Program totals \$376.6 million.
- Public Utilities projects account for 28% of the total program budget. Long-term projects include expansion in water treatment capacity and replacement of the combined sewer system as well as capturing the projects related to growth in Natomas.
- Transportation projects, which include construction of curb ramps that are in compliance with the Americans with Disabilities Act, street overlays/seals and major street improvements, represent 50% of the 5-year program funding.
- Other projects included in the 5-year Capital Program: Northgate/SR160 Interchange, Community Center Theater Renovations and the Tower Bridge Bike/Pedestrian Improvements.
- Long-range master planning and City Council adopted plans are the foundation for creating the capital program.

**2003-2008 Capital Improvement Program
Projects by Program - Dollars in Millions
\$376.6**



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 8 council districts.
- Elected members of the City Council serve a 4-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 Council Members are elected by district and serve part-time.
- The Mayor and other Council Members have one equal vote on all matters.
- The City of Sacramento currently encompasses approximately 98 square miles.
- The current estimated population is 433,000.

**CITY OF SACRAMENTO
FY2003/04 APPROVED BUDGET IN BRIEF**

**Heather Fargo
Mayor**

**Ray Tretheway
Councilmember, District 1**

**Lauren Hammond
Councilmember, District 5**

**Sandy Sheedy
Councilmember, District 2**

**Dave Jones
Vice Mayor, District 6**

**Steve Cohn
Councilmember, District 3**

**Robbie Waters
Councilmember, District 7**

**Jimmie Yee
Councilmember, District 4**

**Bonnie Pannell
Councilmember, District 8**