

# HERE'S THE PROBLEM...

- \$35-40 million deficit beginning next fiscal year
- Represents need to reduce the \$237 million net General Fund budget by 20%
- Fiscal Year 2011/12 budget will be fifth consecutive year of budget reductions because expenditures are growing at a faster rate than available revenues to pay for those services

# CITY OF SACRAMENTO SERVICES

## What The City Does...

Police

Fire

Emergency Ambulance Service

Parks and Recreation

Tree Maintenance

City Code Enforcement

Youth and Teen Programs

After-school Programs

Libraries

Water

Recycling

Garbage collection

Storm drainage

Street maintenance

*...and many more programs*

## What The City Does Not Do...

Schools

Electricity/Gas

Health Care

Courts

Jails

Mental Health Services

Regional Transit

Collect Income Tax

Welfare

Airport

Regional Flood Control

Freeways

# THE CITY'S ANNUAL CYCLE

The City Manager is required to submit a budget proposal to the City Council by May 1<sup>st</sup> each year. The City Council must adopt a **balanced** budget by June 30<sup>th</sup>.



# REASONS FOR THE \$35-40 MILLION DOLLAR GAP

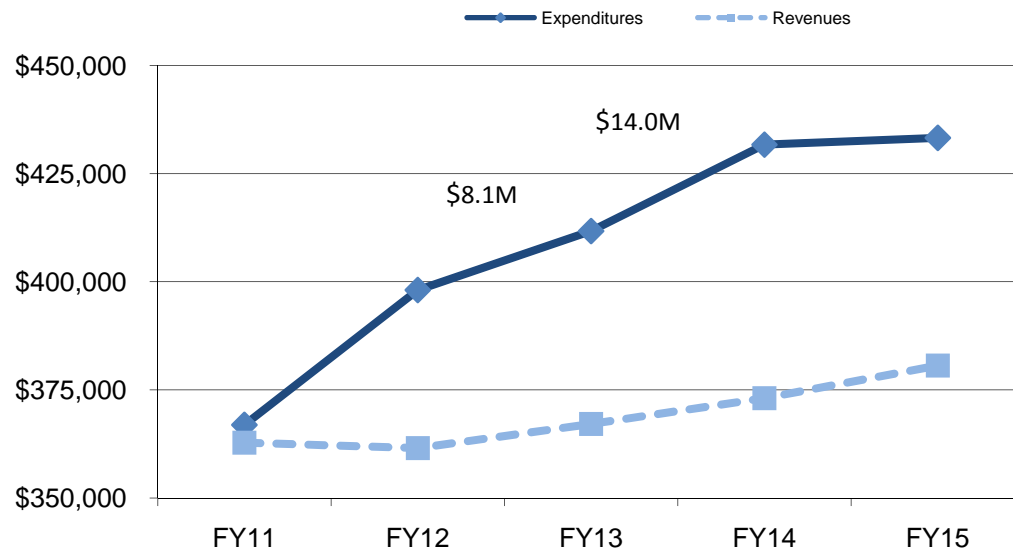
Four major reasons the City continues to experience a budget gap include:

**Recession.** Revenue growth has been slowed by the severe national recession and lower assessed property values.

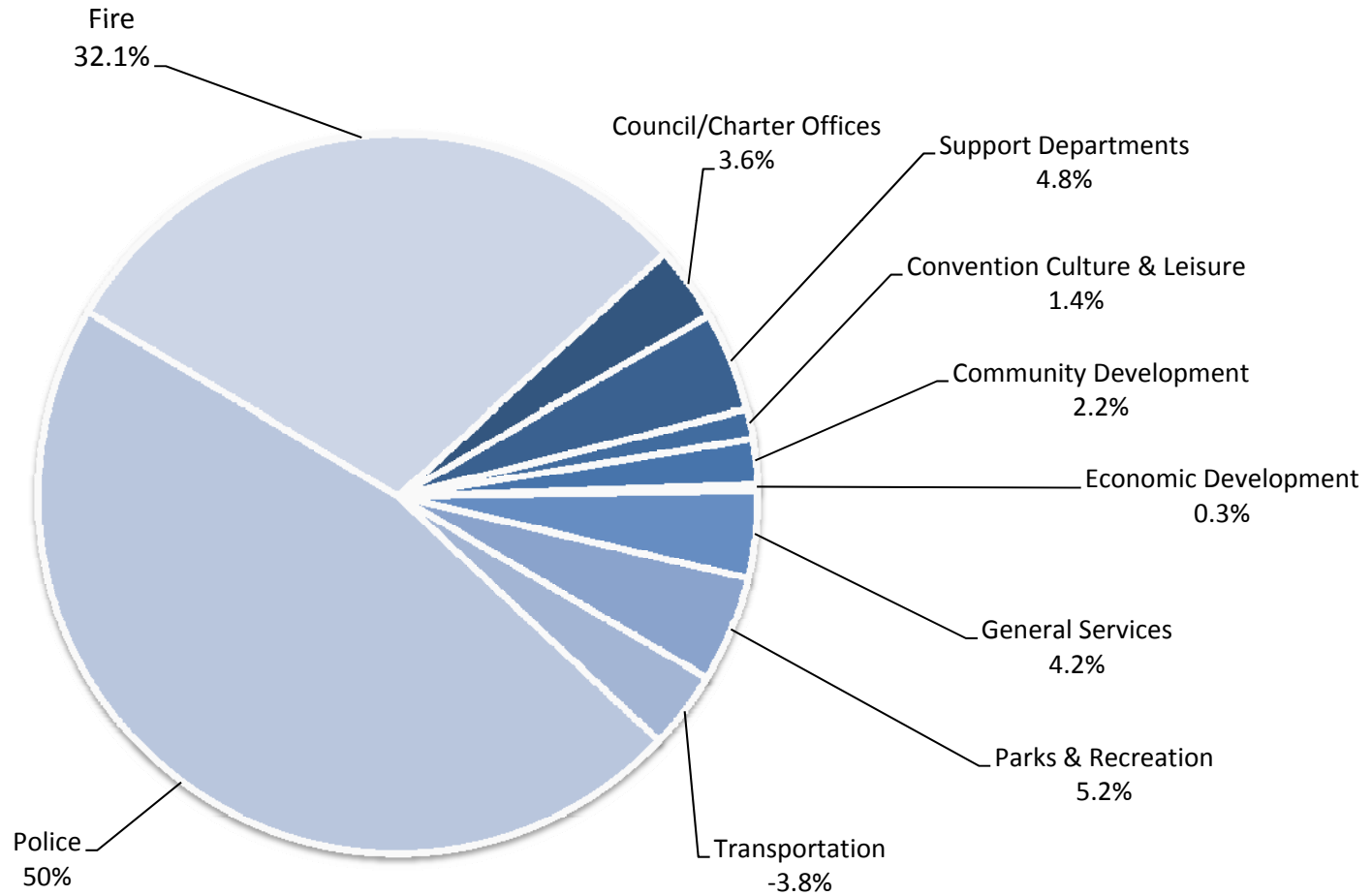
**Labor costs.** While the City has already negotiated labor concessions, labor costs including health care and pensions continue to rise and account for about 80% of our expenses.

**PERS investment losses.** The significant investment losses sustained by PERS in 2008 will begin to impact the City's budget next year through the payment of higher contribution rates.

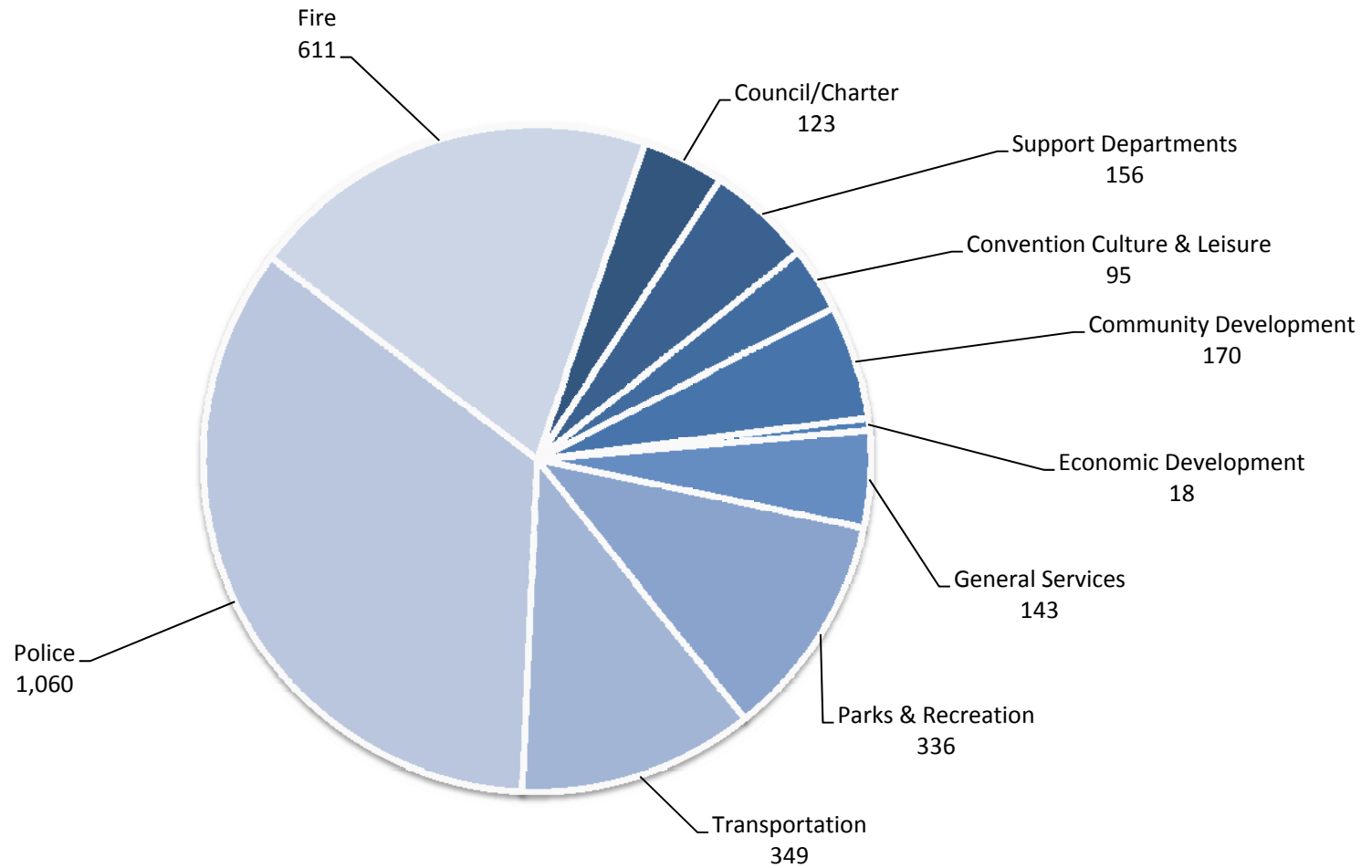
**Implementation of Proposition 218 corrections.** Impacts of complying with Proposition 218 will increase General Fund costs next year.



# FY2010/11 NET GENERAL FUND BY DEPARTMENT (\$237 M)



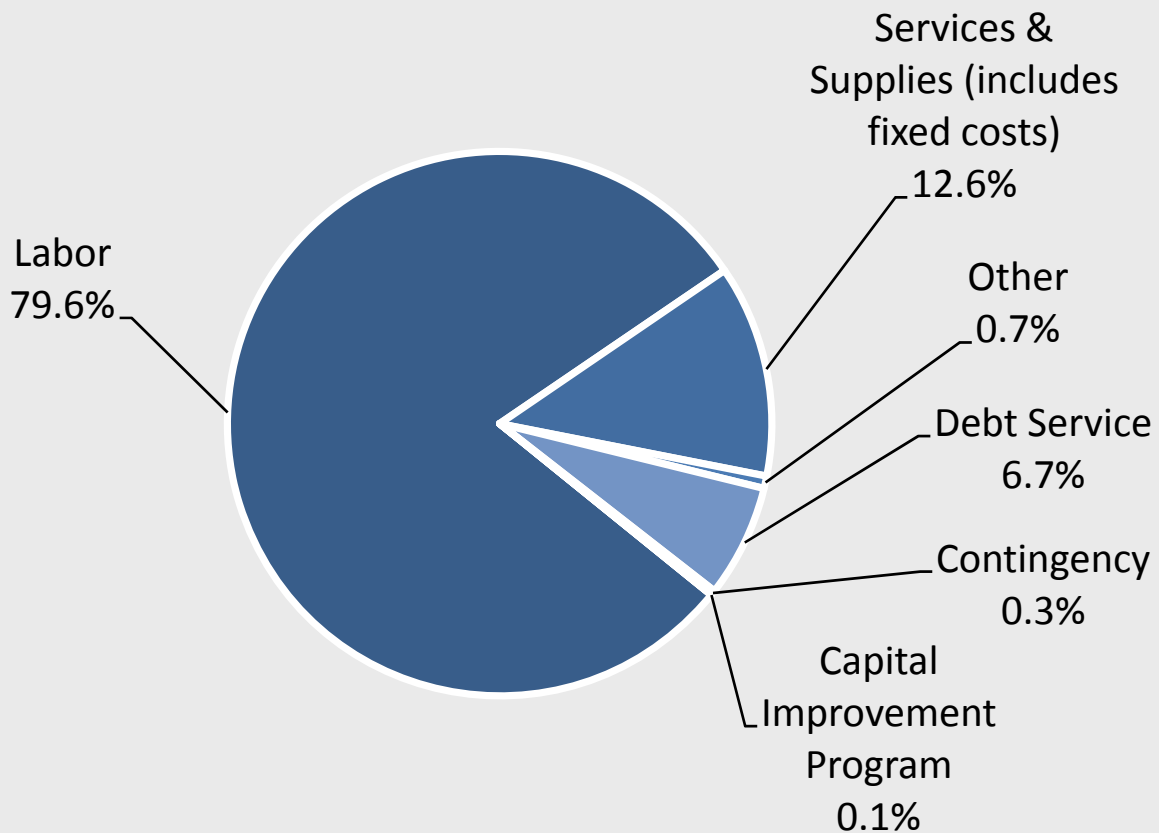
# FY2010/11 GENERAL FUND EMPLOYEES BY DEPARTMENT



# Expenses

HOW THE MONEY IS SPENT

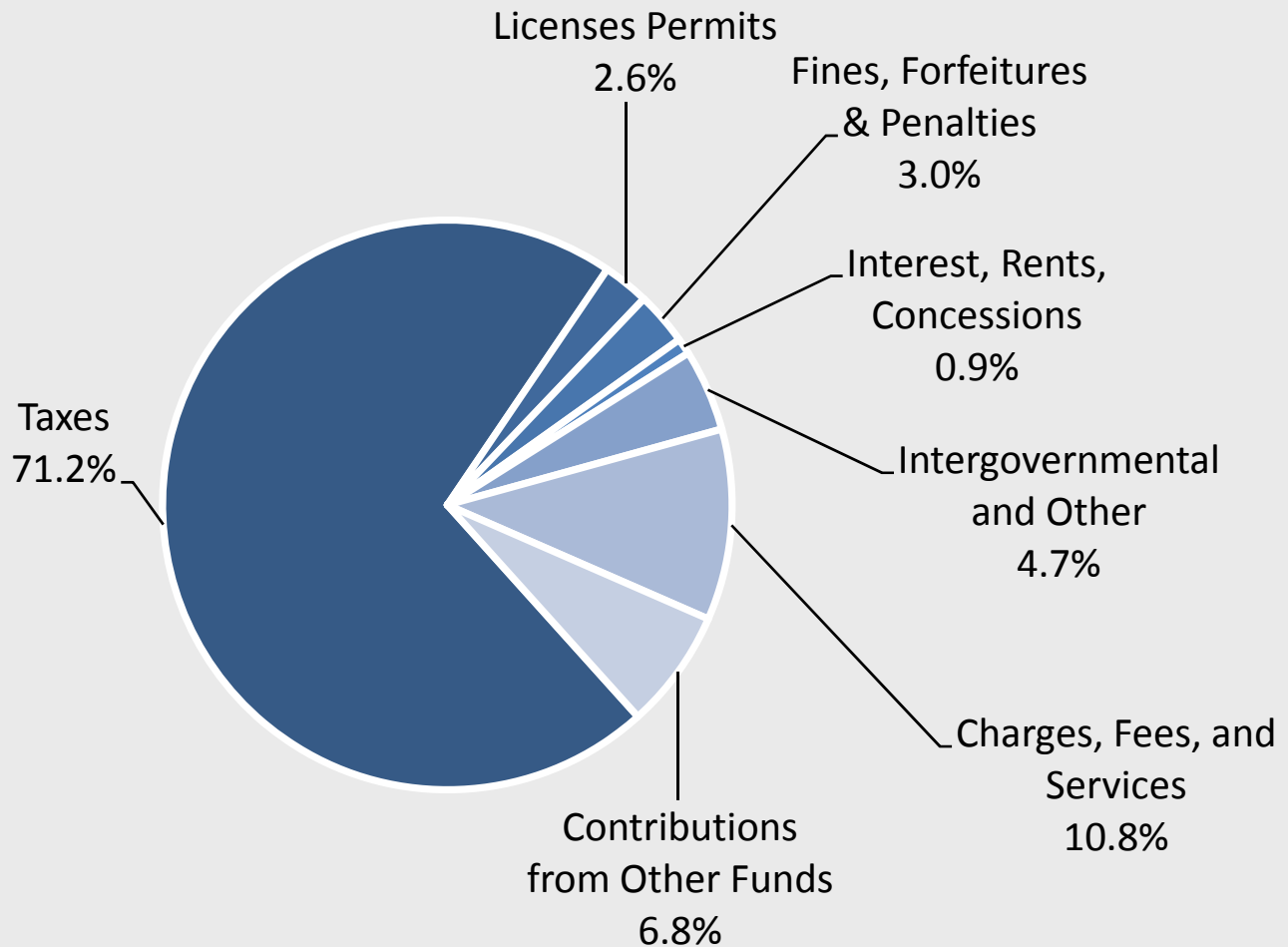
## Fiscal Year 2010/11 General Fund Expenditures



# Revenue

## WHERE THE MONEY COMES FROM

### Fiscal Year 2010/11 Total General Fund Revenues



# GENERAL FUND 4-YEAR CUMULATIVE BUDGET REDUCTIONS

<b>Department</b>	<b>% Reduction from FY2007/08 to FY2010/11</b>
Mayor & Council	23.71%
Charter Offices	43.61%
Convention Culture & Leisure	62.10%
Community Development/Code Enforcement	77.33%
Economic Development	75.81%
Finance	56.41%
Fire	14.60%
General Services	62.51%
Human Resources	51.56%
Information Technology	36.79%
Parks & Recreation	55.18%
Police	18.52%

# WHAT WE HAVE DONE

Many strategies have already been used to solve prior year budget gaps to avoid service cuts. Because of the previous actions, alternatives to reduce the projected budget gap become more difficult to identify.

Prior actions include:

- Eliminated 900 positions
- Consolidation of functions and departments
- Negotiated labor concessions
- Implemented efficiencies and streamlined processes
- Increased revenues and reimbursements
- Eliminated layers of management
- Use of one-time funding

## NEXT STEPS



- Take budget survey



- Proposed budget to be released by May 1st



- Budget hearings begin May 3rd



- Council adopts budget by June 30th