

Fiscal Year  
2007 - 2008

**City of Sacramento**

# PROPOSED BLUEPRINT FOR STRATEGIC BUDGETING





# CITY MANAGER'S MESSAGE

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May 1, 2007

**Mayor and City Council  
Sacramento, California**

**Honorable Members in Session:**

I respectfully submit the Fiscal Year 2007/08 Proposed Budget for the City of Sacramento. The Proposed Budget is balanced and totals \$964.6 million from all funding sources and supports 5,222 full time equivalent (FTE) positions. The General Fund totals \$428.6 million and 3,906 FTE positions. These figures reflect the City's Proposed Budget requirements, consistent with the Mayor and City Council's Strategic Planning - Strategic Budgeting process. Also identified in the Overview, but not included in the Proposed Budget, pending Mayor and City Council approval, are augmentations totaling \$6.2 million and 32.8 FTE positions.

**Strategic Planning – Strategic Budgeting**

The FY2007/08 Proposed Budget reflects expenditures necessary to maintain current staffing levels and fund prior year commitments. The largest single impact to the growth of the base budget has been the implementation of long-term labor agreements which will result in significant expenditure growth over the remaining two years of the contracts. Other obligatory labor impacts include: employee salary adjustments, full-year costs of reclassified positions, pension and retirement contributions to both the Public Employee Retirement System (PERS) and the Sacramento City Employee Retirement System (SCERS), and employee health plans.

In addition to the growth detailed above, the Proposed Budget includes funding for the four high priority initiatives identified by the City Council since the completion of the FY2006/07 budget planning cycle and prioritized for inclusion in the Proposed Budget through the Strategic Planning – Strategic Budgeting process. These priorities include the addition of 911 dispatchers, conversion of park maintenance contracts to City staff, implementation of a Citywide 311 program, and labor adjustments for Police Department civilian staff.

These programs are consistent with the Mayor and Council's identified strategic planning focus areas of Public Safety, and Sustainability and Livability. As directed by Council, the 911 Dispatchers, Park Maintenance and 311 programs are proposed to be phased in over three years, with continual evaluation each year to determine whether program expansion continues to be the most appropriate next step, and whether the City can continue to fund the expansion given overall budget considerations at that time. The adjustments to Police civilian labor budgets are ongoing, to address recruitment and retention issues.

## CITY MANAGER MESSAGE (CONTINUED)

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### **Sustainable Budget Concept**

With the leadership and vision of the Mayor and City Council, the City of Sacramento has seen fiscal stability in times when many other jurisdictions are facing serious fiscal problems. The City Council has adopted the following principles to support this philosophy:

- Maintain a fiscally sustainable, balanced budget
- Use one-time resources strategically
- Identify return on investment and impacts; fiscal and social benefits
- Maintain a reserve for economic uncertainties
- Keep the City Council informed on the fiscal condition of the City
- Focus on incremental changes to staffing and spending
- Identify resources for top priorities and initiatives
- Continuous evaluation for efficiencies and effectiveness

Adhering to these sustainable budget principles has allowed the City to weather the economic downturn in the early years of this decade without impacts to services and positioned the City to afford long-term labor contracts and key budget augmentations for public safety and other critical services. It is critical that the City maintain its commitment to these budget policies as the City will face future fiscal challenges as nationwide and statewide economic trends can and will impact the City.

### **Local Economic Issues and the Budget**

The slowing real estate market, on both the national and regional level, is well publicized. The change in the local market is having a significant impact on tax revenues as the rate of growth in property taxes is smaller than in recent years. Further, in the current fiscal year the City is realizing reductions in sales tax and utility users' tax revenues. Slowing growth in major tax revenues had been forecast, but not actual reductions in sales tax and utility users' tax. This weakness in revenues requires more extensive use of budgetary reserves than in previous years. The new budget process and decision-making model requires regular assessment and reporting of the overall status of expenditures and revenues. Should these trends continue over the remainder of the fiscal year, then options for achieving budget sustainability will be brought before the Mayor and City Council for consideration.

### **Past Accomplishments – Looking to the Future**

In the past several years, the Mayor and City Council have authorized increases in the City's capacity to deliver services to City residents and businesses with an emphasis on public safety. All service needs, however, have not been addressed. Ultimately, the performance of the local economy and the resulting tax revenues put limits on the ability to support higher service levels and annual costs. Long term budget planning must include an aggressive economic development strategy focused on creating new jobs and growing revenues. Options for changing both the expenditure and funding side of the budget on a multi-year basis must continually be developed and refined. This will be done in the context of the transparent and accountable strategic planning – strategic budgeting process.

Respectfully submitted,



RAY KERRIDGE  
City Manager

# THE BUDGET PROCESS

## FISCAL YEAR 2007 – 2008 PROPOSED BUDGET

### Strategic Planning-Strategic Budgeting

The Mayor and City Council have formally adopted a budget cycle which allows them, through a series of planning sessions, to provide the policy direction necessary for the development and implementation of the City's budget: Strategic Planning – Strategic Budgeting. The strategic budgeting process incorporates the Mayor and City Council's priorities as identified in their strategic plan and facilitates coordination within operating departments to deliver on specific Council initiatives.

The foundation of the Mayor and Council's budget philosophy continues to be sustainability. The City Council has adopted the following objectives and principles to support this philosophy:

### Budget Objectives

- Develop a fiscally sustainable spending plan by July 1st
- Align the City Council's strategic plan with the budget
- Provide funding to deliver services and infrastructure to the community
- Communicate Council's vision to the community

### Budget Principles

- Maintain a fiscally sustainable, balanced budget
- Use resources strategically
- Identify return on investment and impacts; fiscal and social benefits
- Maintain a reserve for economic uncertainties
- Keep the City Council informed on the fiscal condition of the City
- Focus on incremental changes to staffing and spending
- Identify resources for top priorities and initiatives
- Conduct continuous evaluation for efficiencies and effectiveness



Sacramento City Hall

# THE BUDGET CALENDAR

## THE BUDGET CALENDAR

### January: Council Planning Session

- Establish budget objectives and principles
- Provide policy direction for year end results
- Consider policy direction for marginal budget adjustments

### February / March: Refine Vision & Allocate Funding

- Integrate budget with strategic plan
- Refine policy direction for marginal budget adjustments

### April: Budget Preparation

- Develop base budget and Blueprint for Strategic Budgeting

### May / June: Public Forum

- Conduct City Council hearings on the Proposed Budget

### July 1st: New Fiscal Year

### August / September: Executive Team Planning

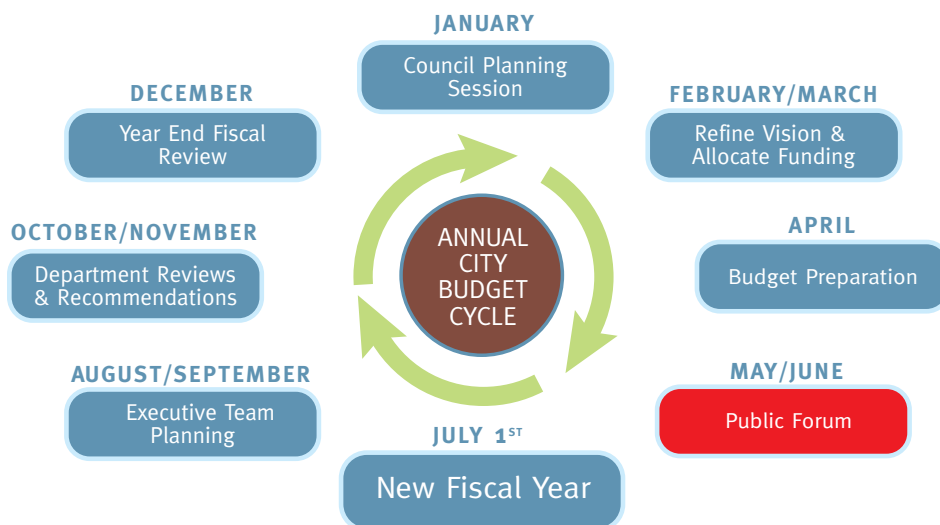
- Plan for budget implementation
- Identify issues to be considered for future budget development

### October / November: Department Reviews and Recommendations

- Complete administrative work related to close of prior fiscal year
- Brief City Council on critical fiscal issues for future budget development

### December: Year End Fiscal Review

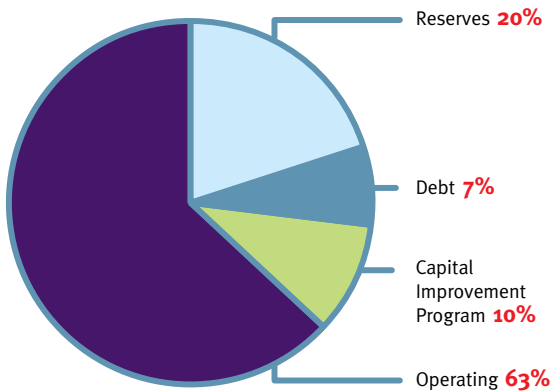
- Complete year end review
- Brief City Council on prior fiscal year end results



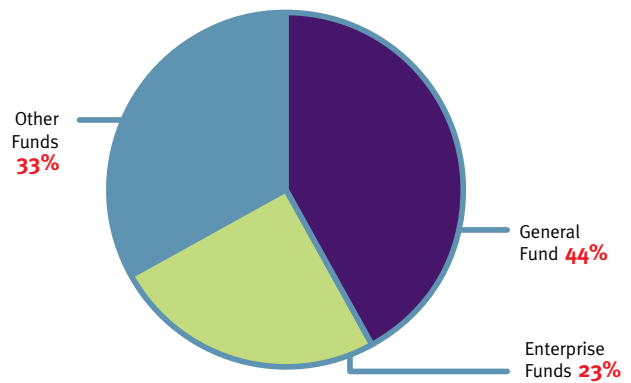
# THE PROPOSED BUDGET BY THE NUMBERS

## THE PROPOSED TOTAL CITY BUDGET IS \$964.6 MILLION

### EXPENDITURES



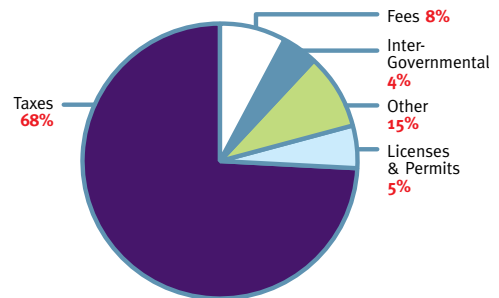
### FUNDING SOURCES



## THE APPROVED GENERAL FUND CITY BUDGET IS \$428.6 MILLION

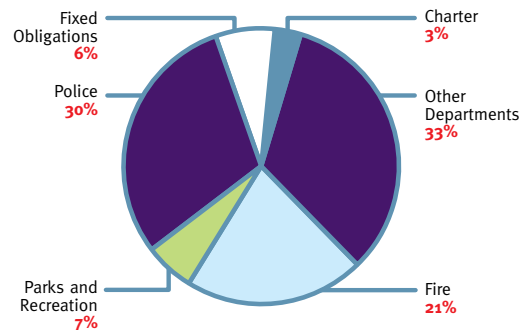
### WHERE DOES THE GENERAL FUND MONEY COME FROM?

	DOLLARS IN THOUSANDS
FEES .....	\$33,316
INTER - GOVERNMENTAL .....	\$15,312
LICENSES/PERMITS.....	\$19,430
OTHER.....	\$65,268
TAXES.....	\$295,338



### WHERE DOES THE GENERAL FUND MONEY GO?

	DOLLARS IN THOUSANDS
CHARTER OFFICES.....	\$14,063
FIRE DEPARTMENT .....	\$91,625
FIXED OBLIGATIONS.....	\$26,145
OTHER DEPARTMENTS .....	\$135,322
PARKS AND RECREATION DEPARTMENT .....	\$31,705
POLICE DEPARTMENT .....	\$129,804



# FOCUS AREA: PUBLIC SAFETY

## VISION

- Prevent youth crime and gang violence, and develop positive alternatives for youth.
- Build an effective regional multi-hazard planning, preparedness, response, and recovery system.
- Build a safe multimodal street system for pedestrians, bicyclists, and motorists.

## ONGOING FUNDING HIGHLIGHTS

- Police Patrol
- Gang Resistance Education and Training (GREAT)
- School Resource Officers (SRO)
- Street Gang Enforcement Training Programs
- Disaster Response Training
- Traffic Safety Education and Outreach Programs

## PROPOSED FUNDING/POLICY CONSIDERATIONS

### **START Expansion (\$215,000 - 4 Positions)**

Sacramento Students Today Achieving Results Tomorrow (START) is a public/private collaboration that works to build the capacity of children to succeed academically and socially while reconnecting families and neighborhoods with schools. Funding and position authority are provided to expand this valuable and successful program.

### **Fire and Police Department Master Plans**

The Fire and Police Departments are in the process of updating their master plans. These plans are essential for determining future staffing and facility requirements. The Fire and Police Departments will be presenting their master plans to the City Council during the budget hearings.

### **Youth Coordinator**

In response to a recent increase in youth crime the City of Sacramento is considering the creation of a Youth Coordinator. This position would coordinate all youth related City services with a focus on reducing youth crime across the City. The position will be considered during the budget hearings.

## DID YOU KNOW?

- **In 2006, the Police Department conducted outreach to over 78,000 members of the community to increase public disaster preparedness education.**
- **The Police Department responds to more than 195,000 citizen-initiated calls for service each year.**
- **The Fire Department responds to more than 41,000 calls for Advanced Life Support (ALS) each year.**

## FOCUS AREA: ECONOMIC DEVELOPMENT

### VISION

- Partner with the local education institutions to foster economic vitality in the region
- Invest in all commercial corridors and neighborhood-serving retail centers to ensure the long-term viability of the business community.
- Capitalize on the larger City of Sacramento Economic Development Strategy's opportunities that, directly or indirectly, promote tax revenues to the City for use in various programs or projects beneficial to the City and its residents.

### ONGOING FUNDING HIGHLIGHTS

- City Employment Development Programs for Youth and Adults
- Business Recruitment Programs
- Revitalization of Targeted Commercial Corridors
- Façade Improvement Program
- Streetscape Improvements

### PROPOSED FUNDING/POLICY CONSIDERATIONS

#### **Railyards Development** (\$100,000 - 1 Position)

Funding and position authority is provided to work on the Railyards Development project. The cost of this position will be fully offset by the developer.

#### **Economic Development Workshop**

The Economic Development Department conducted a City Council workshop in Spring 2007 to consider the additional resources needed to focus on:

- Increasing assistance for business formation and small business development
- Retaining/expanding existing business in Sacramento

Additional discussion on the City's Economic Development Strategy will take place during budget hearings.

### DID YOU KNOW?

- In 2006, the Development Services Department implemented numerous customer education opportunities, including Small Business Nights and "Lunch and Learn" sessions.
- The Development Services Department will complete more than 1,200 planning projects each year, including design review/preservation applications, zoning administrator applications, and planning commission applications.
- The Parks and Recreation Department is one of the largest youth employers in the region.



Downtown Sacramento from across the American River

# FOCUS AREA: CULTURE & ENTERTAINMENT

## VISION

- Ensure a diverse range of cultural, entertainment, and sports venues accessible to the community.

## ONGOING FUNDING HIGHLIGHTS

- Boundless Playgrounds (Fully ADA Accessible Playground)
- Community Centers
- Community Gardens
- Crocker Art Museum
- Sacramento Convention Center
- Sacramento Zoo

## PROPOSED FUNDING/POLICY CONSIDERATIONS

### Expanded Convention Center Service (4 Positions)

The Sacramento Convention Centers are generating the highest levels of revenue in complex history. To ensure that the complex has the necessary staffing levels to continue to serve its customers to the highest level possible four additional positions are proposed to be added to the Convention Center Budget. Proposed funding for these positions comes from the Convention Center Fund.

### Memorial Auditorium (\$200,000)

In 2006, the City Council approved the Community Reinvestment Capital Improvement Program (CRCIP). The Sacramento Memorial Auditorium, which is nearly 80 years old, received \$6 million for facility improvements to protect and preserve this historic facility through the CRCIP process. The additional funding included in the 2007-2012 Proposed CIP will bring the total project budget to \$7.9 million.

## DID YOU KNOW?

- In FY 2006/07 the Convention Center generated \$6.7 million in event-related revenues – highest in Complex history.
- The City's Haggin Oaks Golf Complex was voted "Sacramento's Best" by Sacramento Magazine for the fifth consecutive year.
- The City supported numerous festivals, fairs, and celebrations by providing Special Event Support Services to over 900 events.

## FOCUS AREA: SUSTAINABILITY & LIVABILITY

### VISION

- Conduct business in a way that increases the sustainability of this and future generations.
- Pursue programs and efforts to enhance the appearance of the City.
- Provide and protect open space for the City's environmental, safety, agricultural and recreational values.

### ONGOING FUNDING HIGHLIGHTS

- Sustainability Agenda
- Graffiti and Vehicle Abatement
- Illegal Dumping
- Street Repairs
- Park Development and Rehabilitation
- Recreation Programs for Youth and Adults

### PROPOSED FUNDING / POLICY CONSIDERATIONS

#### Sustainability Plan

Sustainability is defined as meeting the needs of the present without compromising the ability of future generations to meet their own needs.

On April 3, 2007 the City Council reviewed and commented on the City's first Sustainability Master Plan – "Creating a Sustainable City." The goal of this plan is to reduce the direct and indirect impacts of City programs on the environment and set the stage for future programs and policies that reduce environmental and energy impacts. Approval of priority recommendations and first phase implementation of this plan is expected during summer 2007.

### DID YOU KNOW?

- In 2007, the City of Sacramento received its 30th Tree City USA award, and the fourth Tree City Growth Award, from the National Arbor Day Foundation.
- Park Services maintains more than 3,200 acres of parkland, parkways and open space, as well as 45 miles of off-street bike trails.



Cesar Chavez Park

# FOCUS AREA: SAFE & AFFORDABLE HOUSING

## VISION

- Provide a mix of housing to meet the needs of current and future residents, including an equitable distribution of affordable housing throughout the City. In order to promote stable neighborhoods, include a mix of housing types within neighborhoods to promote a diversity of household types and housing choices for residents of all ages and income levels.
- Work to end homelessness in Sacramento by providing affordable housing opportunities and services. Develop facilities, services, and partnerships to end homelessness.

## ONGOING FUNDING HIGHLIGHTS

- General Plan Update
- Community Plan Update
- Housing Element Update
- Zoning Code Improvements
- Ten Year Plan to End Chronic Homelessness

## PROPOSED FUNDING/POLICY CONSIDERATIONS

### General Plan Update

Progress continues toward the completion of the General Plan Update. The General Plan will ensure that Sacramento is prepared for future growth and development over the next twenty years. Funding is provided to continue the direction approved by City Council.

### Ten-Year Plan to End Chronic Homelessness

Successful implementation of the ten-year plan requires strong leadership from both the public and private sectors. The Homelessness Leadership Group continues to promote collaboration among stakeholders in Sacramento County. This plan is the first step toward successfully addressing homelessness across the City.

## DID YOU KNOW?

- **The City expects to issue more than 300 permits for new very low-income units and 200 permits for low-income units. Most of these units are the result of the City's Mixed Income Ordinance and many received assistance from the City's Housing Trust Fund.**
- **The City Implemented a pilot program for proactive inspection of residential rental housing properties to ensure the safety of renters throughout Sacramento.**

# THE 2007-2012 / FIVE-YEAR CAPITAL

## AN OVERVIEW

- The Capital Improvement Program is a comprehensive five-year plan for capital project expenditures that includes the Annual Capital Improvement Budget.
- The Annual Capital Improvement Budget includes a list of proposed capital improvement projects and the appropriation of funding to these projects.
- A capital improvement project is an economic activity that leads to the acquisition, construction, or extension of the useful life of a capital asset. Capital assets include land, facilities, parks, streets, water and sewer infrastructure, technology equipment, and transportation devices.
- The Capital Improvement Program is funded from a variety of funding sources including:
  - Development Fees
  - Enterprise Funds/User Fees
  - General Fund, Debt Financing & Grants
  - Redevelopment Funds
  - Transportation Funds
- Capital Improvement Projects are selected based on consistency with City Council adopted Master Plans, community input and funding availability.



Cesar Chavez Park

# IMPROVEMENT PROGRAM

## FY2007/08 CAPITAL BUDGET HIGHLIGHTS

The FY2007/08 Capital Improvement Program Budget totals \$112.9 Million

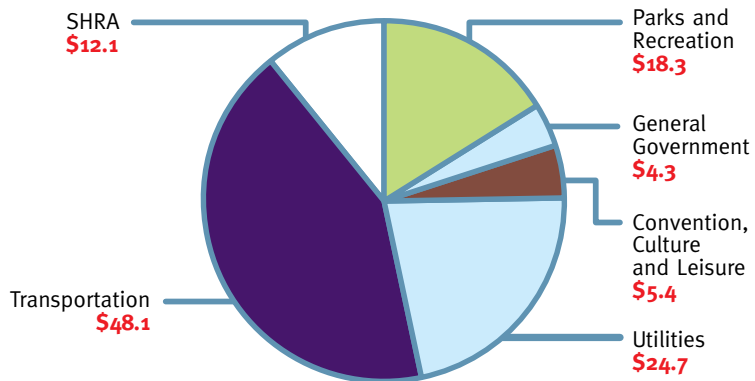
### GENERAL FUND PROGRAMMING INCLUDES

- \$500,000 for Citywide Americans with Disabilities Act (ADA) Projects
- \$1 million for City Facility Deferred Maintenance
- \$2.1 million for Public Safety Equipment

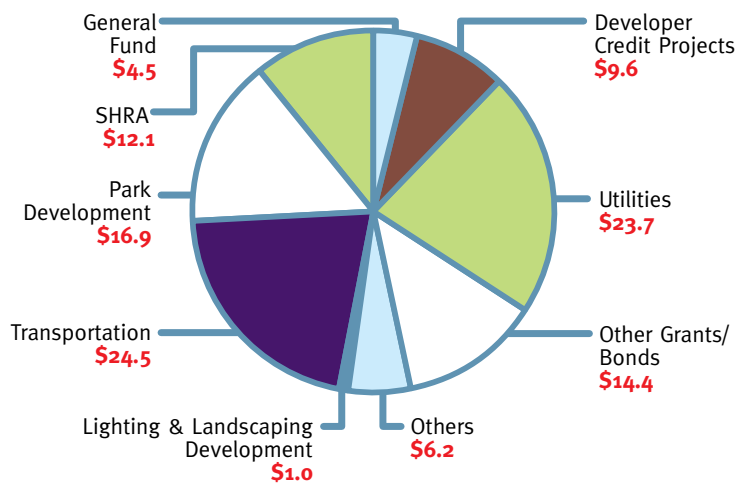
### MAJOR PROJECTS TO BE FUNDED INCLUDE:

- Freeport Blvd. and 21st Street Conversion, North 10th Street Reconstruction, Redding Avenue Bike and Pedestrian Improvements, and West El Camino Avenue Bridge Replacement
- Public Right-of-Way Accessibility Program and Neighborhood Street Light Replacement Program
- I-5 Freeway Landscaping and South Sacramento 3 Million Gallon (MG) Reservoir
- Shasta, Valley Oak and Wild Rose Park Development

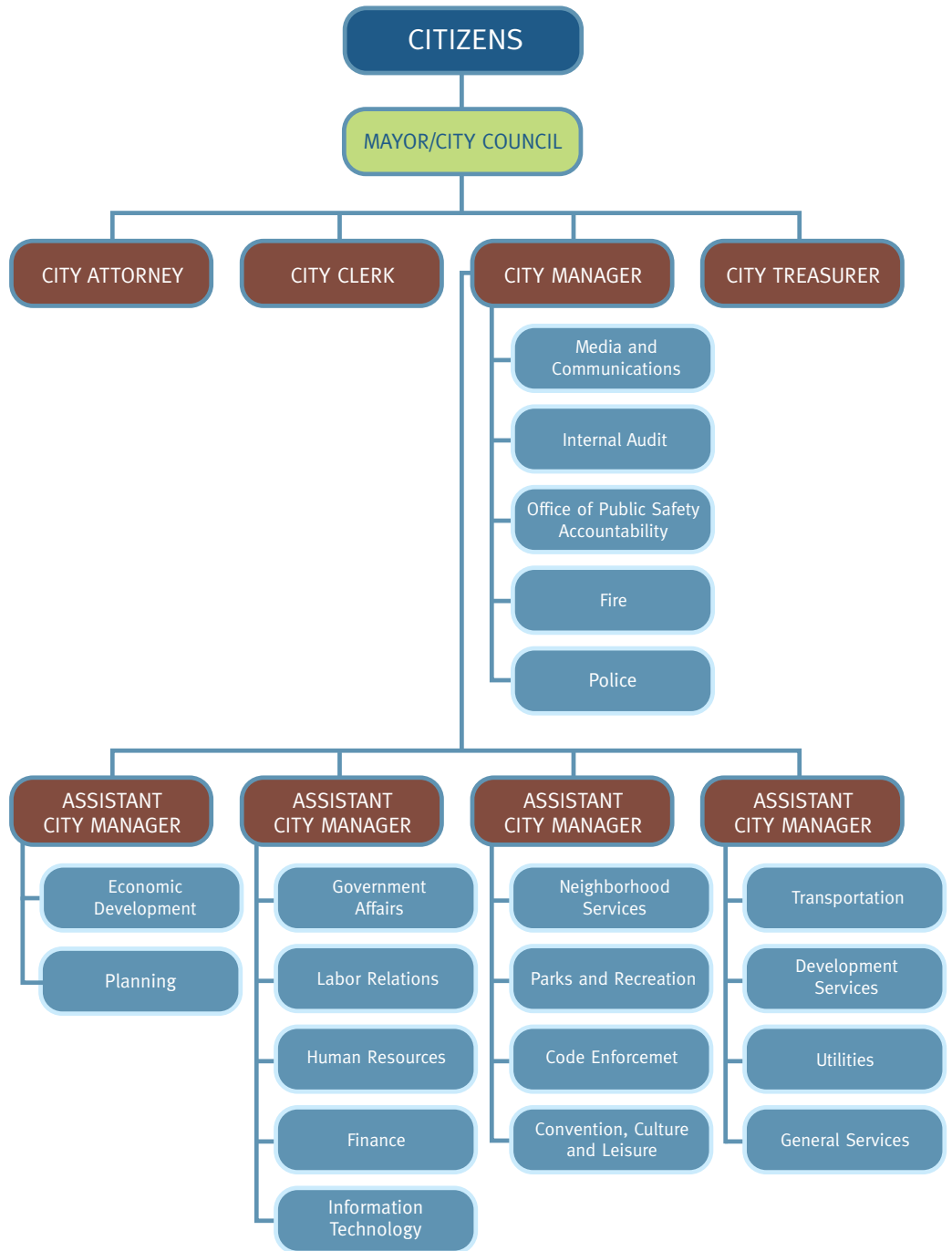
**PROJECTS BY PROGRAM  
DOLLARS IN MILLIONS  
\$112.9**



**PROJECTS BY FUND  
DOLLARS IN MILLIONS  
\$112.9**



# CITY OF SACRAMENTO ORGANIZATIONAL CHART



# HOW CAN I PARTICIPATE IN THE BUDGET PROCESS?

The strategic budgeting process organizes a series of budget hearings using the Council’s strategic planning focus areas as topics for public discussion. These hearings are intended to give the public an opportunity to speak on budget issues and priorities.

**Where:**

City Council Chambers, City Hall  
 915 I Street, 1st Floor  
 Sacramento, CA, 95814-2684

**When:**

DATE	AFTERNOON MEETING – 2:00 PM	EVENING MEETING – 7:00 PM
Tuesday, May 15	<b>Budget Hearing</b> FY2007/08 Proposed Operating Budget 2007-2012/Five-Year Capital Improvement Program (CIP)	<b>Budget Hearing</b> Community Reinvestment Capital Improvement Program (CRCIP) Status Update
Tuesday, May 22	<b>Budget Hearing</b> Hold for Hearing if Necessary	<b>Budget Hearing</b> Police Department Masterplan
Tuesday, May 29	<b>Budget Hearing</b> Economic Development Strategy Organizational Restructuring Youth Coordinator	<b>Budget Hearing</b> Fire Department Masterplan
Tuesday, June 5	<b>Budget Hearing</b> Report Back on Public Safety Assessments	<b>Budget Hearing</b> Enterprise Funds Overview Utility Rate Hearing Utilities Department Initiatives Reports Back
Tuesday, June 12	<b>Budget Hearing</b> Reports Back (if necessary)	<b>Budget Hearing</b> FY2007/08 Operating and CIP Budget Adoption

**PLEASE NOTE THAT THESE HEARING DATES ARE SUBJECT TO CHANGE.** To confirm times please refer to [www.cityofsacramento.org/clerk](http://www.cityofsacramento.org/clerk) or contact the City Clerk’s Office at **(916) 808-7200**.

**WHERE CAN I GET A COPY OF THE BUDGET DOCUMENTS?**

The Proposed FY2007/08 Budget is available for viewing at [www.cityofsacramento.org](http://www.cityofsacramento.org).

Cover photo courtesy of Ronald B. Johnson

# City of Sacramento Facts

## HEATHER FARGO

Mayor

## RAYMOND L. TRETHERWAY III

Councilmember, District 1

## SANDY SHEEDY

Councilmember, District 2

## STEVE COHN

Councilmember, District 3

## ROBERT KING FONG

Councilmember, District 4

## LAUREN R. HAMMOND

Councilmember, District 5

## KEVIN MCCARTY

Vice Mayor

Councilmember, District 6

- 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 98 square miles.
- The current estimated population is 461,000.

## ROBBIE WATERS

Councilmember, District 7

## BONNIE J. PANNELL

Councilmember, District 8

## RAY KERRIDGE

City Manager

