

BLUEPRINT
FOR
STRATEGIC
BUDGETING

FY2006/07



A NEW BUDGET PROCESS

STRATEGIC PLANNING – STRATEGIC BUDGETING

In February 2006, the Mayor and City Council formally adopted the new budget cycle which allows the Mayor and City Council, 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 revised 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 ongoing core 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 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



THE NEW 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

- Staff develops base budget and Council vision document

MAY/JUNE: PUBLIC FORUM

- City Council hearings on the proposed budget documents

JULY 1ST: NEW FISCAL YEAR

AUGUST/SEPTEMBER: EXECUTIVE TEAM PLANNING

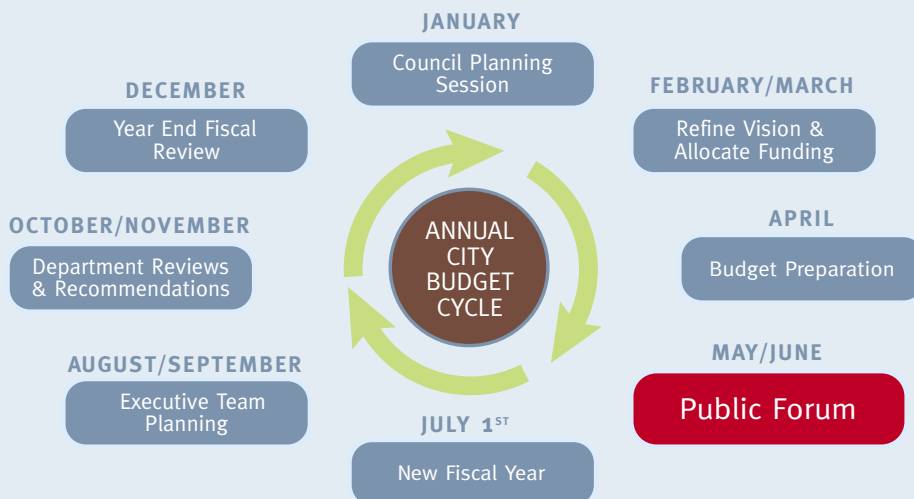
- Staff planning for budget implementation
- Identification of issues to be considered for future budget development

OCTOBER/NOVEMBER: DEPARTMENT REVIEWS AND RECOMMENDATIONS

- Administrative work related to close of prior fiscal year
- Staff briefs Council on critical fiscal issues for future budget development

DECEMBER: YEAR END FISCAL REVIEW

- Completion of year end review
- Staff briefs Council on prior fiscal year end results



THE VISION FOR FY2006/07

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.



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 to be used for various programs or projects beneficial to the city and its residents.

CULTURE AND ENTERTAINMENT

VISION

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

SUSTAINABILITY AND 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 its environmental, safety, agricultural and recreational values.



SAFE AND 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. 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 in order to promote stable neighborhoods.

Work to end homelessness by providing affordable housing opportunities and services. Develop facilities, services, and partnerships to help end homelessness.



THE PROPOSED BUDGET



PROPOSED BASE BUDGET MESSAGE

The FY2006/07 Proposed Base Budget reflects the City Council's sustainable budget philosophy and adopted budget objectives and principles. The Proposed Base Budget is balanced and totals \$849.7 million from all funding sources with 5,033 full time positions (FTE). The General Fund totals \$390.4 million and 3,746 FTE. Appropriations and estimated revenues included in the Proposed Base Budget reflect the allocation of resources necessary to maintain staffing levels and fund prior commitments in FY2006/07.

The Mayor and City Council will consider any changes to the Proposed Base Budget during the budget hearings. This includes the consideration of funding opportunities related to Council's strategic planning process (outlined on pages 4 and 5) and augmentations totaling \$10.4 million and 60 FTE as detailed in the chart below. These augmentations are General Fund high priorities or fully offset by either new revenues or reductions in spending.

OFFSETS

DEPARTMENT	NET COST	FTE	DESCRIPTION
Code Enforcement	\$265,000	3	Rental Inspection Pilot Program.
Convention, Culture & Leisure	\$201,667	1	Historic City Cemetery maintenance, increase Marina service and supply revenue and expense budgets, right size Community Center event services staff.
Development Services	\$246,000	2	Expand Facility Permit Program.
Fire	\$5,926,725	27	Conversion of overtime to FTE, expansion of EMS and Fire Prevention Inspections, and equipment and technology replacement.
General Services	\$337,614	4	Fleet service and maintenance & traffic signal maintenance for Department of Transportation.
Parks and Recreation	\$296,805	4.91	Reservation system support and right sizing staffing for Recreation programs (Skateboard Park, Triple R, Access Leisure, START and 4th R Programs).
Police	\$755,628	4	One-time service and supply expenses and expansion of public safety IT division.
Transportation	\$412,409	5	Street construction, traffic signal maintenance and ADA compliance
Utilities	\$1,323,159	6	Infrastructure maintenance and water meter retrofit.
TOTAL	\$9,765,007	56.91	

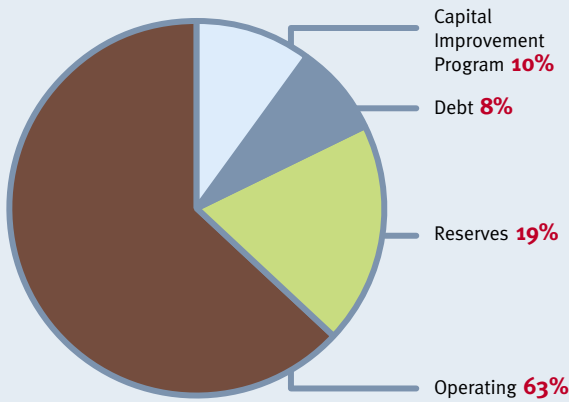
HIGH PRIORITY GENERAL FUND

Information Technology	\$88,000	1	Citywide IT support.
Labor Relations	\$112,040	1	Citywide labor relations support.
Police	\$475,775	2	Deputy Chief and Captain and equipment.
TOTAL	\$675,815	4.0	

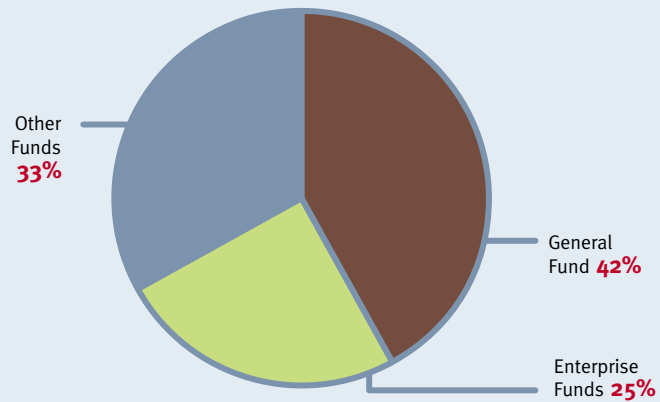
GRAND TOTAL \$10,440,822 60.91

THE PROPOSED TOTAL CITY BUDGET IS \$849.7 MILLION

EXPENDITURES

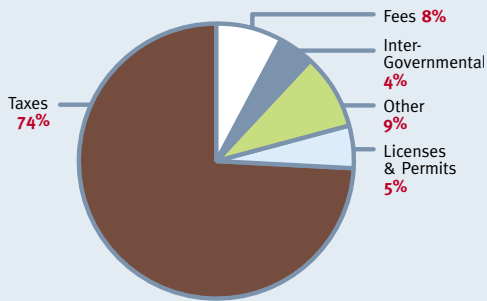


FUNDING SOURCES



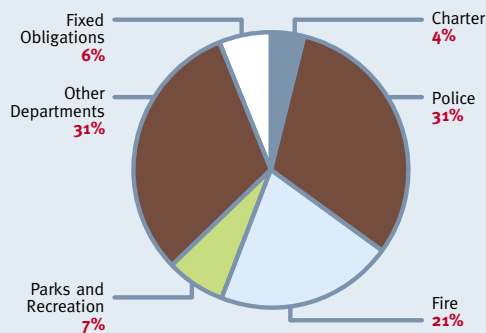
THE PROPOSED GENERAL FUND CITY BUDGET IS \$390.4 MILLION

WHERE DOES THE GENERAL FUND MONEY COME FROM?



	DOLLARS IN THOUSANDS
FEEES	\$29,943
INTER - GOVERNMENTAL	\$16,544
LICENSES/PERMITS.....	\$18,323
OTHER	\$35,310
TAXES.....	\$290,272

WHERE DOES THE GENERAL FUND MONEY GO?



	DOLLARS IN THOUSANDS
CHARTER OFFICES.....	\$13,817
FIRE DEPARTMENT	\$83,810
FIXED OBLIGATIONS.....	\$21,960
OTHER DEPARTMENTS	\$122,398
PARKS AND RECREATION DEPARTMENT	\$27,865
POLICE DEPARTMENT.....	\$120,541

THE 2006-2011/5-YEAR CAPITAL



AN OVERVIEW

- The Capital Improvement Program is a comprehensive 5-year plan for capital project expenditures that includes the Annual Capital Improvement Budget.
- A Capital Improvement is a major project that will cost more than \$20,000 and has a useful life of at least 5 years.
- Capital Improvement Projects include facilities, equipment and land acquisition.
- Capital Improvement Projects are selected based on consistency with City Council adopted Master Plans, community input and funding availability.
- The Annual Capital Improvement Budget includes a list of proposed capital improvement projects and the appropriation of funds to projects.
- 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



IMPROVEMENT PROGRAM (CIP)

FY2006/07 CAPITAL BUDGET HIGHLIGHTS

THE FY2006/07 CAPITAL IMPROVEMENT BUDGET TOTALS \$105.6 MILLION.

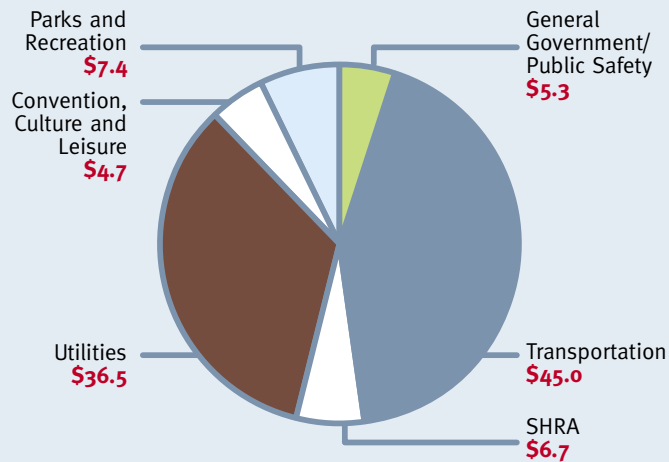
GENERAL FUND PROGRAMMING INCLUDES:

- \$500,000 for Citywide Americans with Disabilities Act (ADA) Projects
- \$1 million for City Facility Deferred Maintenance
- \$1.8 million for Public Safety Equipment

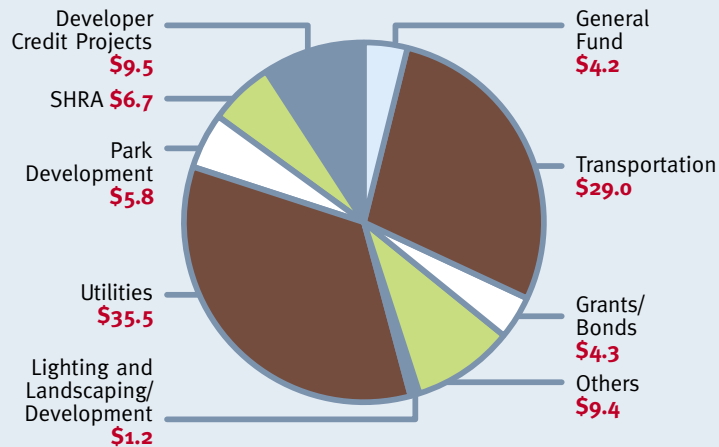
MAJOR PROJECTS TO BE FUNDED INCLUDE:

- Del Paso Nuevo Playground & Muir Park Improvements
- Cosumnes River Boulevard Extension/Interchange, Freeport Boulevard and 21st Conversion (one-way to two-way) & Del Paso Road Landscaping
- South Basin Dock Replacement
- Power Inn and Stockton Boulevard Water Transmission Main

**PROJECTS BY PROGRAM
DOLLARS IN MILLIONS**
\$105.6



**PROJECTS BY FUND
DOLLARS IN MILLIONS**
\$105.6



COMMUNITY REINVESTMENT PROGRAM



THE COMMUNITY REINVESTMENT CAPITAL IMPROVEMENT PROGRAM

Concurrent with the 2006-2011 CIP process, staff has been working with the Mayor and City Council on the Community Reinvestment Capital Improvement Program (CRCIP) which began in late 2005. The CRCIP will provide approximately \$94 million in funding for 24 projects which were ranked by the City Council as Tier I priority projects. The CRCIP includes projects that will be delivered by City staff for City facilities/improvements as well as grants for non-profit partner projects. It is critical that the City reinvest in its existing assets prudently, achieve a balance of capital improvements throughout the City and support our mission to protect, preserve and enhance the quality of life for present and future generations.

PRIORITY PROJECTS	GENERAL FUND (\$116,278,000)	DOWNTOWN BOND (\$11,053,000)	FUND BALANCE (\$3,600,000)	LOT A PROCEEDS (\$5,000,000)	OTHER (\$1,830,000)
1. Pocket Library	\$3,700,000				\$848,000
2. Crocker Art Museum Expansion	\$2,000,000	\$8,000,000			
3. Zoo Veterinary Hospital	\$1,200,000				
4. Regional Park Improvements	\$5,000,000				
5. Animal Shelter Cattery Building	\$1,500,000				
6. George Sim Community Center	\$6,500,000				
7. South Natomas Community Center	\$400,000				
8. Sacramento Unity Center	\$2,000,000				
9. Art Rehearsal Space	\$9,000,000				
10. Intermodal Transportation Facility	\$3,000,000				
11. Oak Park Community Center Phase II	\$1,000,000				
12. Sierra 2 Restroom & Access Improvements	\$175,000		\$600,000		\$450,000
13. Valley Hi-North Laguna Library	\$16,000,000				\$532,000
14. District 2 Improvements	\$7,500,000				
15. District 3 Improvements	\$1,000,000				
16. District 1 Improvements	\$1,500,000				
17. Memorial Auditorium Group	\$3,053,000	\$3,053,000			
18. Community Center Theater Design	\$0			\$5,000,000	
19. Fairytale Town Fencing & Walkways	\$500,000				
20. Children's Theater of CA (CTC-B Street)	\$1,000,000				
21. District Improvement Funding	\$7,200,000		\$3,000,000		
22. Neighborhood Park Improvements	\$3,000,000				
23. Indian Heritage Museum	\$6,300,000				
24. Discovery Museum-Gold Rush Exhibit	\$500,000				
City Contingency	\$11,000,000				
TIER I FUNDING PLAN	\$94,028,000				
25. District 7 Facilities/Improvements	\$8,300,000				
26. Neighborhood Infrastructure/CDBG eligible	\$5,000,000				
27. Children's Theater of CA (CTC-B Street)	\$2,000,000				
28. SMUD Underground Match	\$5,000,000				
29. Sacramento Zoo Animal Exhibits	\$1,950,000				
TIER II FUNDING PLAN	\$22,250,000				

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 9	No Afternoon Budget Hearings	Budget Hearing Overview of the FY2006/07 Budget
Tuesday, May 16	Budget Hearing Operating Department Initiatives (Excluding Utilities)	Strategic Plan Focus Area Presentation Sustainability & Livability Affordable Housing
Tuesday, May 23	Budget Hearing Capital Improvement Program	Strategic Plan Focus Area Presentation Economic Development Culture and Entertainment
Tuesday, May 30	Budget Hearings Future Budget Issues - Retirement System	Strategic Plan Focus Area Presentation Public Safety
Thursday, June 8	Budget Hearings Special Presentation <ul style="list-style-type: none"> • Neighborhood Services Reorganization • Development Services • Matrix Citywide • Revitalization Corporation • Internal Auditing 	Enterprise Funds Overview Utilities Rate Hearing Utilities Department Initiatives
Tuesday, June 13	Budget Hearings Hold for possible hearing	Budget Hearing Budget Summary
Tuesday, June 20		FY2006/07 Adoption

Please note that these hearing dates are subject to change. To confirm times please refer to 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 FY2006/07 Budget is available for viewing at www.cityofsacramento.org.

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

Vice Mayor

Councilmember, District 4

LAUREN R. HAMMOND

Councilmember, District 5

KEVIN MCCARTY

Councilmember, District 6

ROBBIE WATERS

Councilmember, District 7

BONNIE J. PANNELL

Councilmember, District 8

RAY KERRIDGE

City Manager

- 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 441,000.

