

City of
SACRAMENTO



Fiscal Year 2024/25
Budget Hearing

FY25 Budget Hearing

- Hearings Schedule
- FY25 Budget Overview
- Closing the Budget Gap
- Five-Year Forecast
- Long-Term Funding Challenges
- Reduction Plan Impacts By Program Area
- Next Steps

Budget Hearings Schedule

Date / Meeting	Subject
Week of April 29, 2024	Release of Proposed Budget
May 7, 2024 – I I AM B&A Committee	Proposed Budget Overview Review of Fees & Charges
May 7, 2024 – 5PM Council	Proposed Budget Hearing: <ul style="list-style-type: none"> • Budget Overview • Community Services • Internal Services • Municipal Services • Public Safety
May 14, 2024 – 2PM Council	Proposed Budget Hearing: <ul style="list-style-type: none"> • Capital Plan • Fees & Charges • Pilot Equity Analysis
May 14, 2024 – 5PM Council	Proposed Budget Hearing: <ul style="list-style-type: none"> • Budget Deliberations & Council Direction
May 20, 2024 – 5:30PM Measure U Commission	Proposed Budget Overview
May 28, 2024 – I I AM B&A Committee	Final Budget Review
June 11, 2024 – Council – 5PM	Final Budget Review and Adoption

Budget Overview



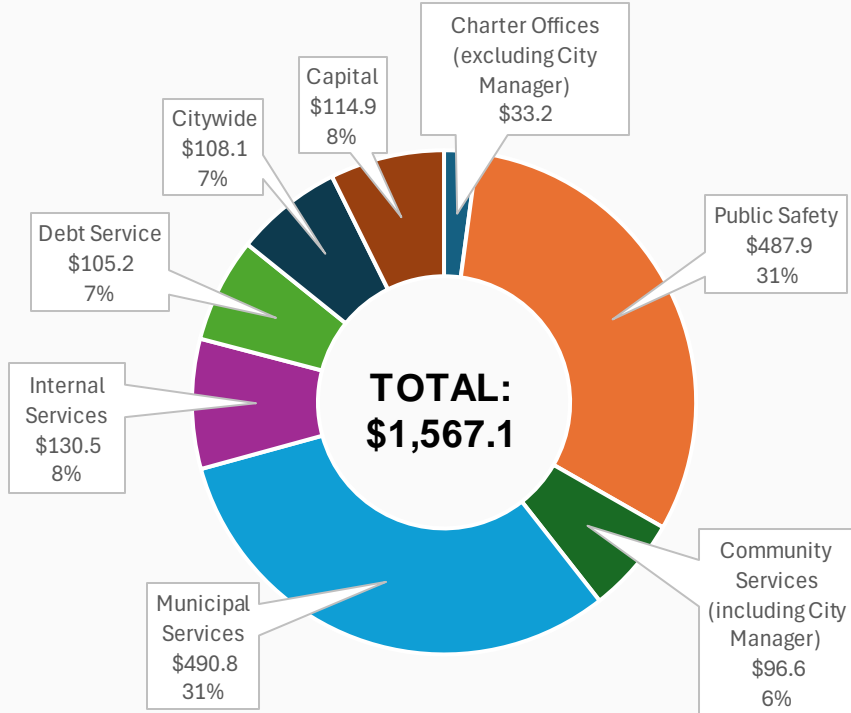
FY2024/25 Proposed Budget (\$s in millions)

	FY2023/24 Approved	FY2024/25 Proposed	Change
All Funds	\$1,469.3	\$1,567.1	\$97.8
General / Measure U Funds (G/MU)	\$772.0	\$836.0	\$64.0
Full-Time Equivalent Employees (FTEs)	5,075.3	5,028.7	(46.6)

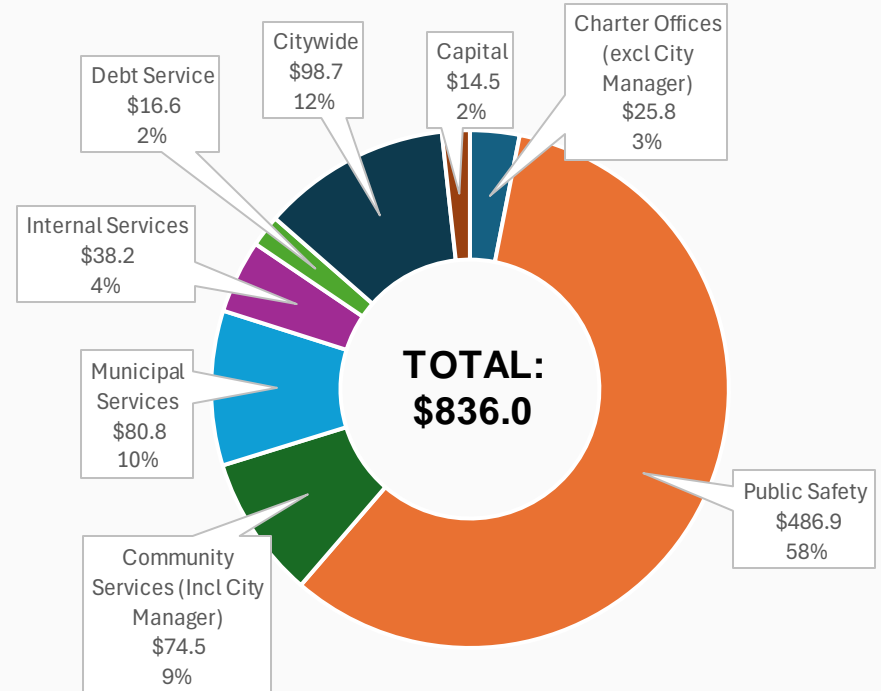
The Proposed Budget is balanced and closes a \$66M funding gap **without** the elimination of filled positions.

FY2024/25 Budget – Appropriation by Program Area (millions)

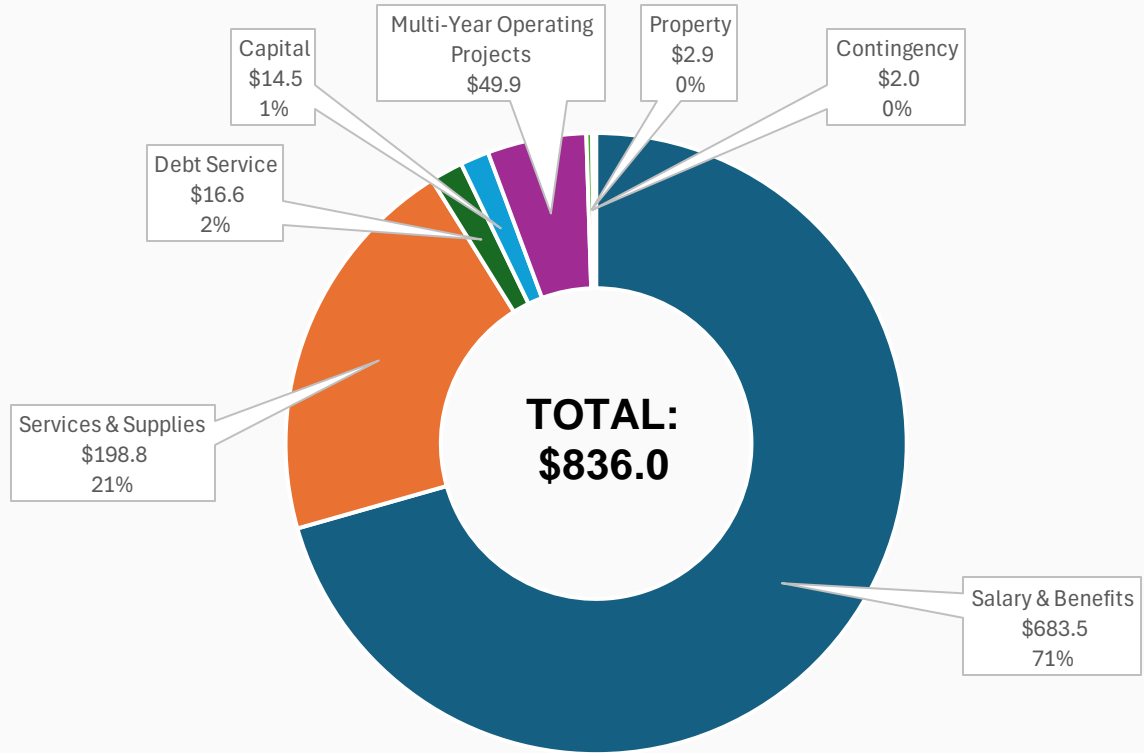
All Funds



G/MU Funds

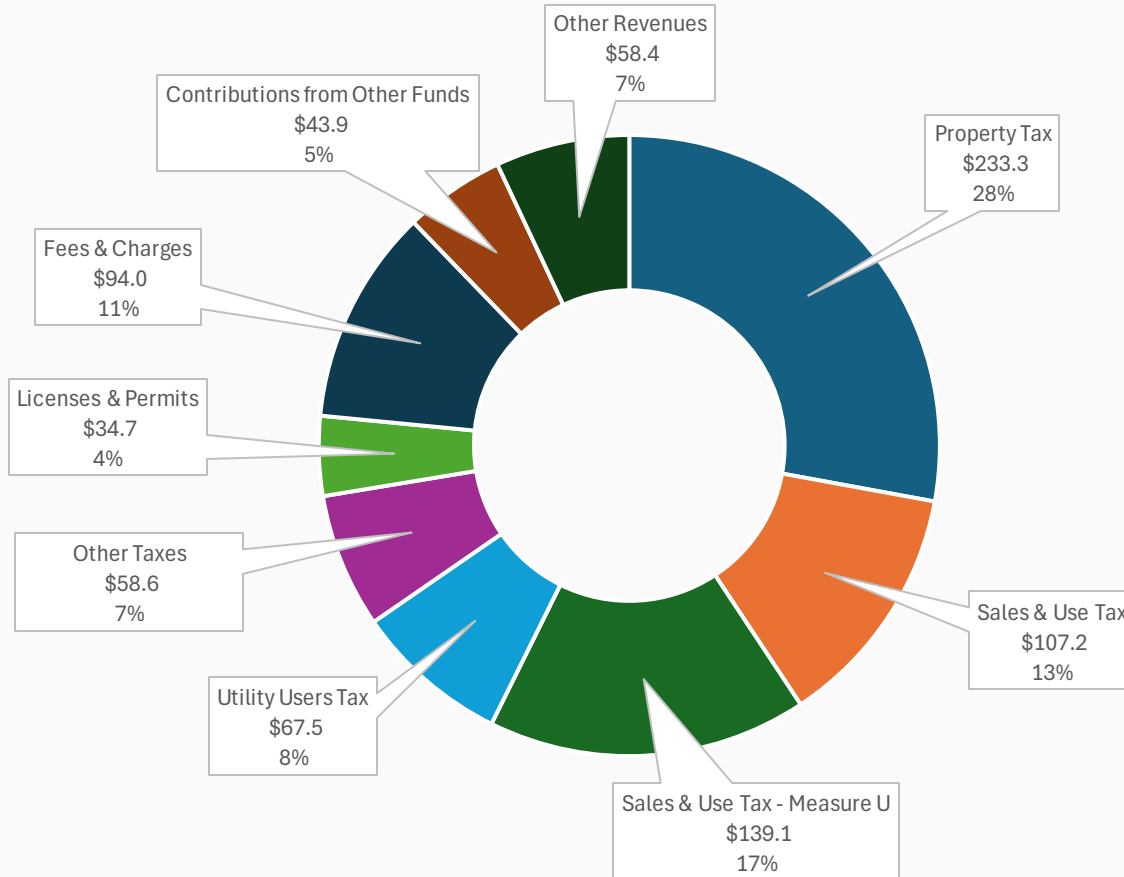


FY2024/25 Budget – G/MU Appropriation by Spending Category



Offsets & Transfers: (\$132.1)

FY2024/25 Budget – G/MU Financing by Revenue Category



Closing the Budget Gap



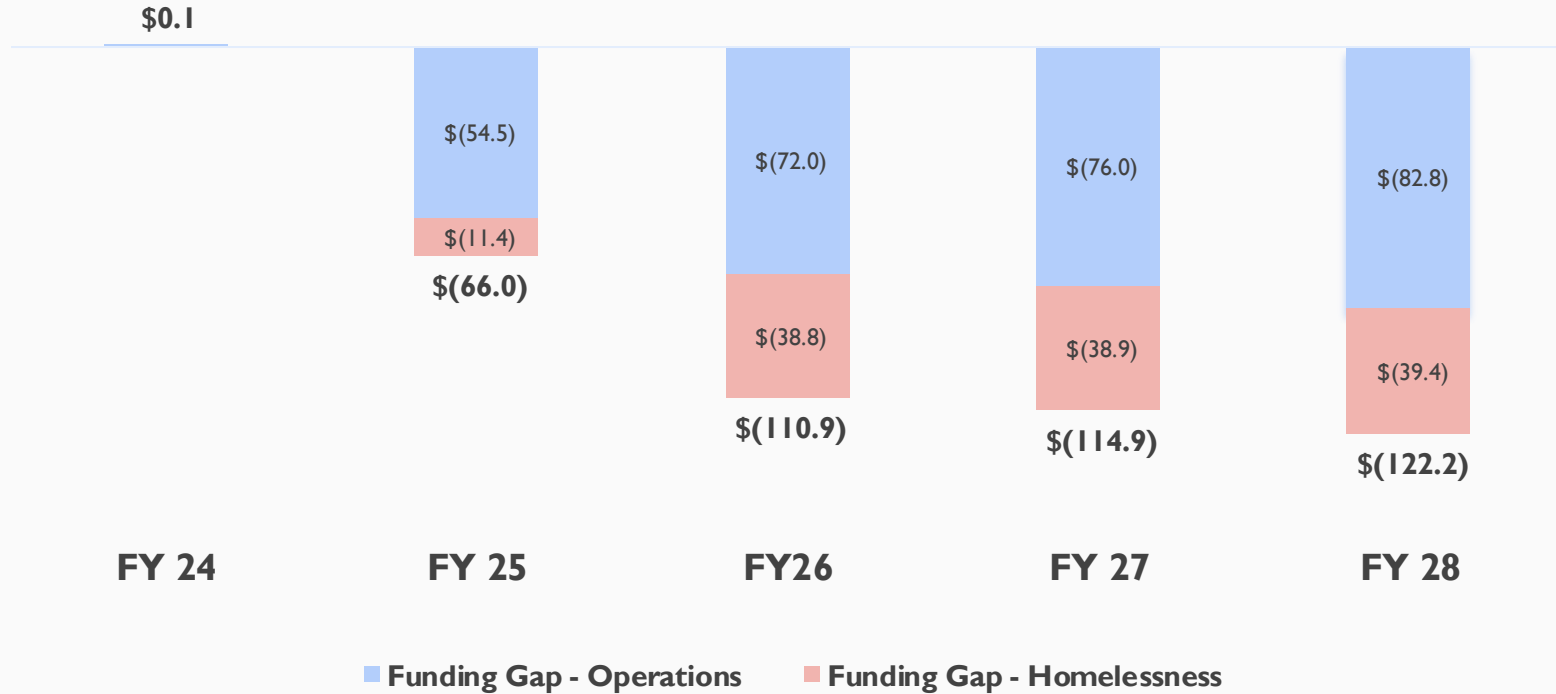
FY25 Budget

To meet our Charter mandate to balance the FY2024/25 Budget, the City needs to close a projected **\$66 million** deficit.

Gross Funding Gap	(\$82.9)
Projected 3% Salary Savings	\$16.9
Projected Funding Gap	(\$66.0)

The City is projecting this deficit to grow in future Fiscal Years if ongoing savings strategies are not adopted by Council. This is known as a 'structural deficit'.

5-Year Forecast – Surplus / (Deficit) - \$ Millions



The City's funding gap is **structural** with expenses outpacing revenues throughout the forecast period.

Closing The Gap:

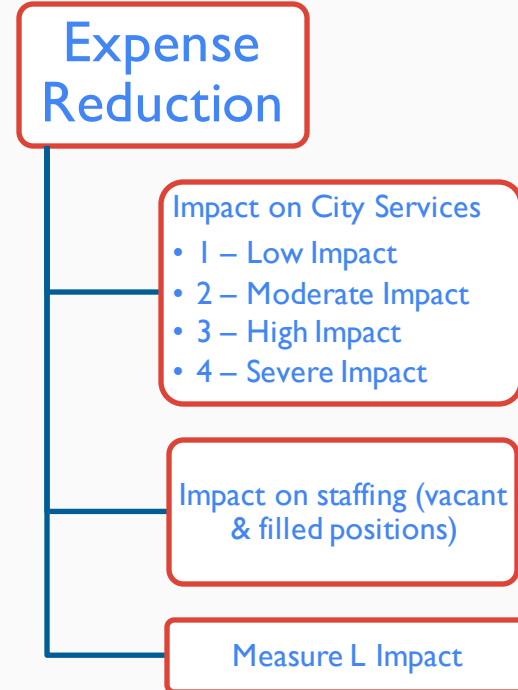
Strategic Approach Not Across The Board Cuts

City Manager Departments
instructed to submit reduction
plans that:

- Define core services;
- Prioritize ongoing savings to address structural deficit; and
- Prioritize reduction strategies by:
 - Revenue enhancement
 - Discretionary program reductions
 - Mandated program delivery change
 - Mandated program reduction

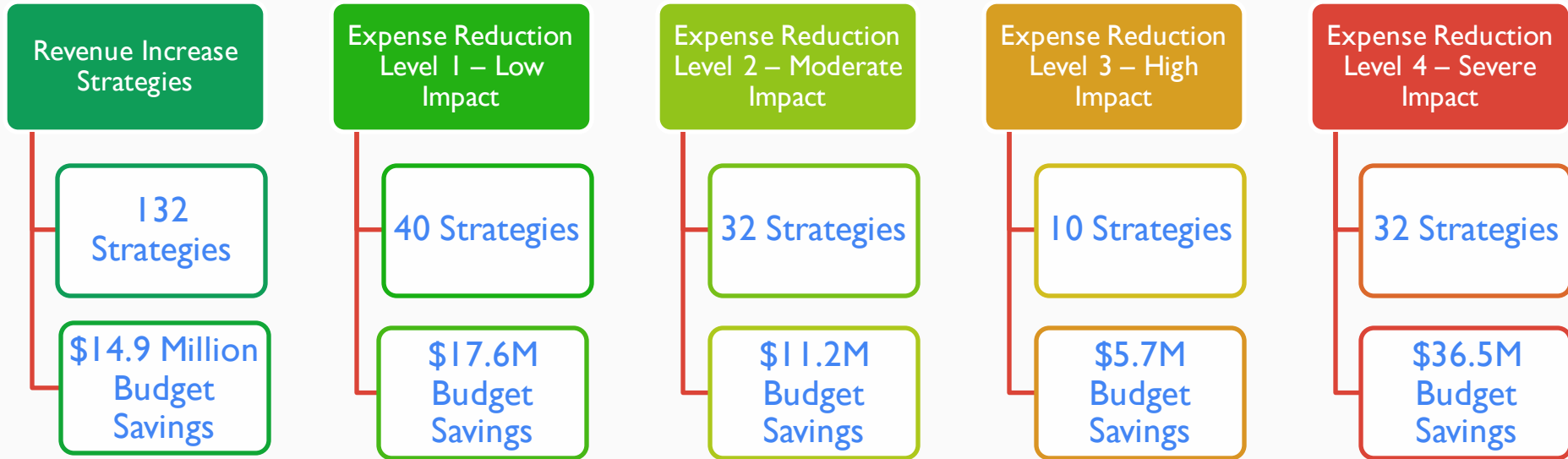
Analyzing Departmental Strategies

Departments submitted approximately 250 reduction proposals & proposals were analyzed & categorized by the Executive Team.



Reduction Strategy Summary

In total, departments brought forward over \$85M in reduction strategies that were evaluated by the Executive Team. These strategies were categorized as follows:



Department Reduction Strategy Summary (\$ in millions)

Category	General Fund Impact	Vacant FTE Impact*	Filled FTE Impact	Total FTE Impact
Revenue Enhancement	(\$14.9)	0.00	0.00	0.00
Level 1 – Low Impact Reduction	(\$17.6)	(23.15)	(4.00)	(27.15)
Level 2 – Moderate Impact Reduction	(\$11.2)	(38.33)	(13.20)	(51.53)
Level 3 – High Impact Reduction	(\$5.7)	(26.00)	(11.00)	(37.00)
Level 4 – Severe Impact Reduction	(\$36.5)	(136.52)	(116.00)	(252.52)
Total	(\$85.9)	(224.04)	(144.20)	(368.20)

Budget decisions may impact vacancy factor.

Citywide Strategy Summary



Staff identified 30 Citywide strategies that are available to balance the FY25 Budget with \$46.3M in savings – most savings is one-time.

In total, staff identified over \$130M in departmental and citywide reduction strategies to address the budget gap.

Closing the Gap (millions)

	FY25 Proposed Budget	FTE Impact vs FY24 Midyear Forecast
Projected FY25 Surplus / (Deficit)	(\$66.0)	-
Citywide Revenue/Expense Adjustments	\$4.7	-
Department Augmentations*	(\$2.4)	(18.81)
Citywide Strategies**	\$33.7	-
Departmental Revenue Increases	\$14.9	-
Level 1 Reductions	\$17.0	(23.15)
Level 2 Reductions	\$4.0	(21.05)
Salary Savings Adjustments	(\$5.2)	-
FY25 Proposed Budget Surplus / (Deficit)	\$0.7	(63.01)

*Position reductions primarily due to elimination of Police contract with SacRT and elimination of YPCE vacancies to fund park maintenance.

**Includes \$7.4M of FY23 savings approved by Council on Feb 27, 2024.

The balancing plan in the Proposed Budget eliminates 44.24 vacant FTEs but **does not eliminate any filled positions.**

Salary savings estimates adjusted from 3% to 2% due to the elimination of vacancies.

Citywide Revenue/Expense Adjustments

Since the mid-year forecast update, the City has incorporated additional data into the forecast regarding citywide revenues and expenses with a net impact of **\$4.7M in budgetary savings**. Major updates include:

- Increase in Property Tax (Secured & Supplemental) Revenue: \$2.7M
- Increase in Interest Income: \$2.4M
- Increase in Cannabis BOT Revenue: \$1.4M
- Reduction in Property Transfer Tax: (\$0.5M)
- Reduction in Transient Occupancy Tax: (\$0.7M)
- Other Revenue & Expense Adjustments: (\$0.6M)

Department Augmentations

Departments also had budget adjustments that impacted the G/MU fund and staffing outside of reduction strategies. Augmentations were to cover higher operational costs. Staffing changes were primarily to reallocate existing resources:

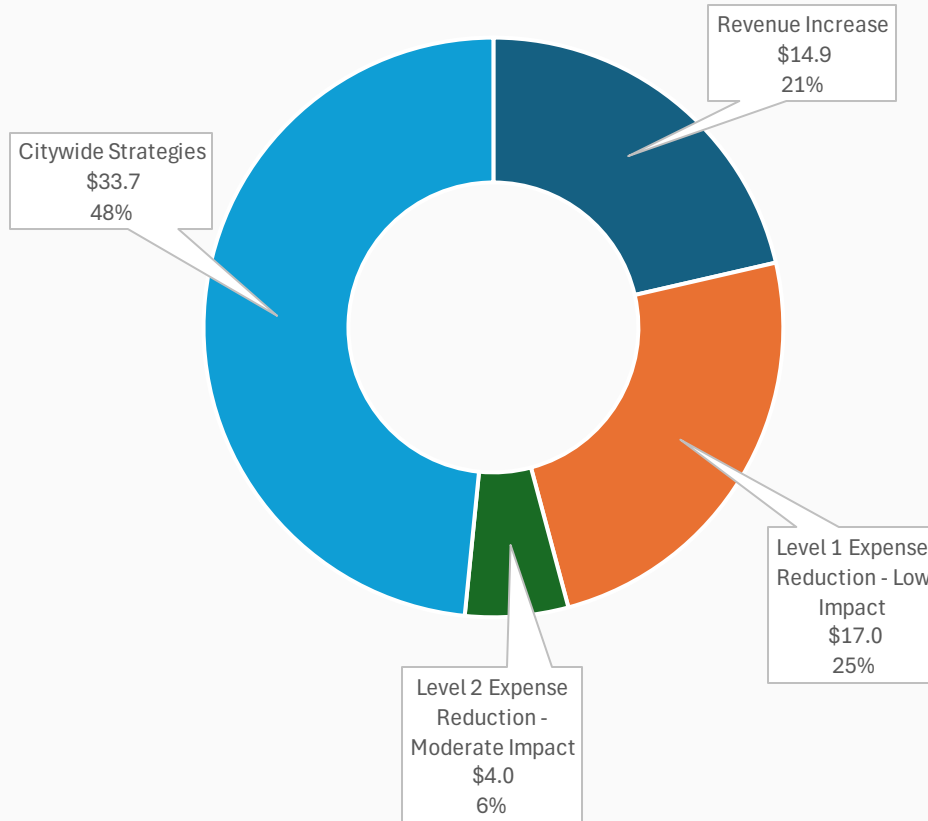
G/MU Augmentations – Total \$2.4M

- Increase in software licensing costs: \$1.1M
- Increase in electrical costs for SMUD streetlights: \$0.4M
- Fleet shop critical repairs: \$0.4M
- Streetscape costs above Lighting & Landscaping revenue: \$0.3M
- Creation of Entertainment Services Division: \$0.8M (offset with L1 reduction fund shift)
- Public Works fund shifts & revenue/expenditure adjustments: (\$0.6M)

G/MU Augmentations Staffing Adjustments – (18.8) FTE Impact

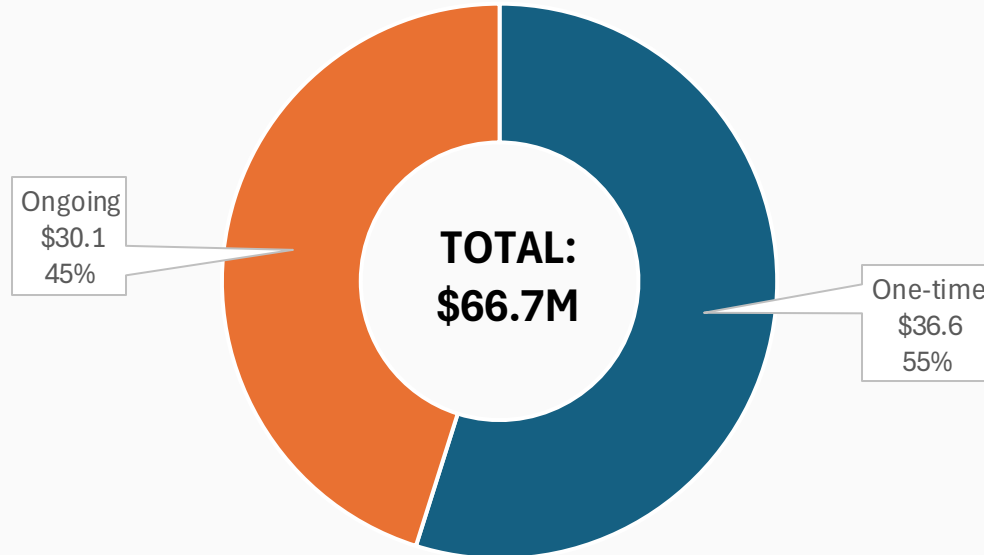
- Create entertainment services division: 6.0 FTE
- Convert 7 Police Officer positions to 10 Community Service Officers: 3.0FTE
- Deletion of vacant YPCE positions to fund park maintenance: (19.1)FTE
- Delete 8 vacant Police positions due to cancellation of SacRT contract: (8.0)FTE
- Delete vacant Police positions in Metro Division to create savings to fund services in homelessness response and other critical areas: (0.7)FTE

Closing the Gap – Reductions By Type (\$ in millions)



- The Proposed Budget includes \$69.6M in reduction strategies.
- Citywide Revenue & Expense adjustments, department augmentations, and salary savings adjustments net to an additional cost of \$2.9M.
- The \$69.6M in reductions less the \$2.9M of additional costs leaves a balance of \$66.7M to cover the \$66.0M funding gap.

Reduction Plan – One-Time & Ongoing Strategies



One-time balancing strategies will need to be covered in the following Fiscal Year

Closing the Gap – Citywide Strategies

Strategy	One-Time / Ongoing	Savings (millions)	Service Impact
Debt Service Cost Shift to Transient Occupancy Tax Fund	Ongoing	\$1.1	Funds not available for other purposes
Eliminate RydeFreeRT	Ongoing	\$1.0	SacRT to find other funds or reduce this service
Transfer of Credit Card Fees to End-Users	Ongoing	\$0.5	Users pay credit card processing fees instead of the General Fund
Police IT MYOPs	Ongoing	\$0.4	Reduces available funding to invest in additional technology
Project Reductions	One-Time	\$14.0	Funds not available for other purposes
FY2022/23 Savings	One-Time	\$7.4	Funds not available for other purposes
Suspend FY2024/25 EUR Contribution	One-Time	\$4.0	City more vulnerable to economic downturn
Prior Round HHAP Savings	One-Time	\$3.8	Funds not available for other purposes
CalPERS Pre-payment Shift	One-Time	\$1.5	None
TOTAL		\$33.7	

Five-Year Forecast



Proposed Budget – G/MU Fund 5-Year Forecast

The Proposed Budget five-year forecast incorporates the budget balancing plan in the Proposed Budget.

Replacing ongoing reduction strategies with one-time strategies will worsen the budget deficit in future Fiscal Years.

Major contributors to the FY2025/26 projected funding gap include:

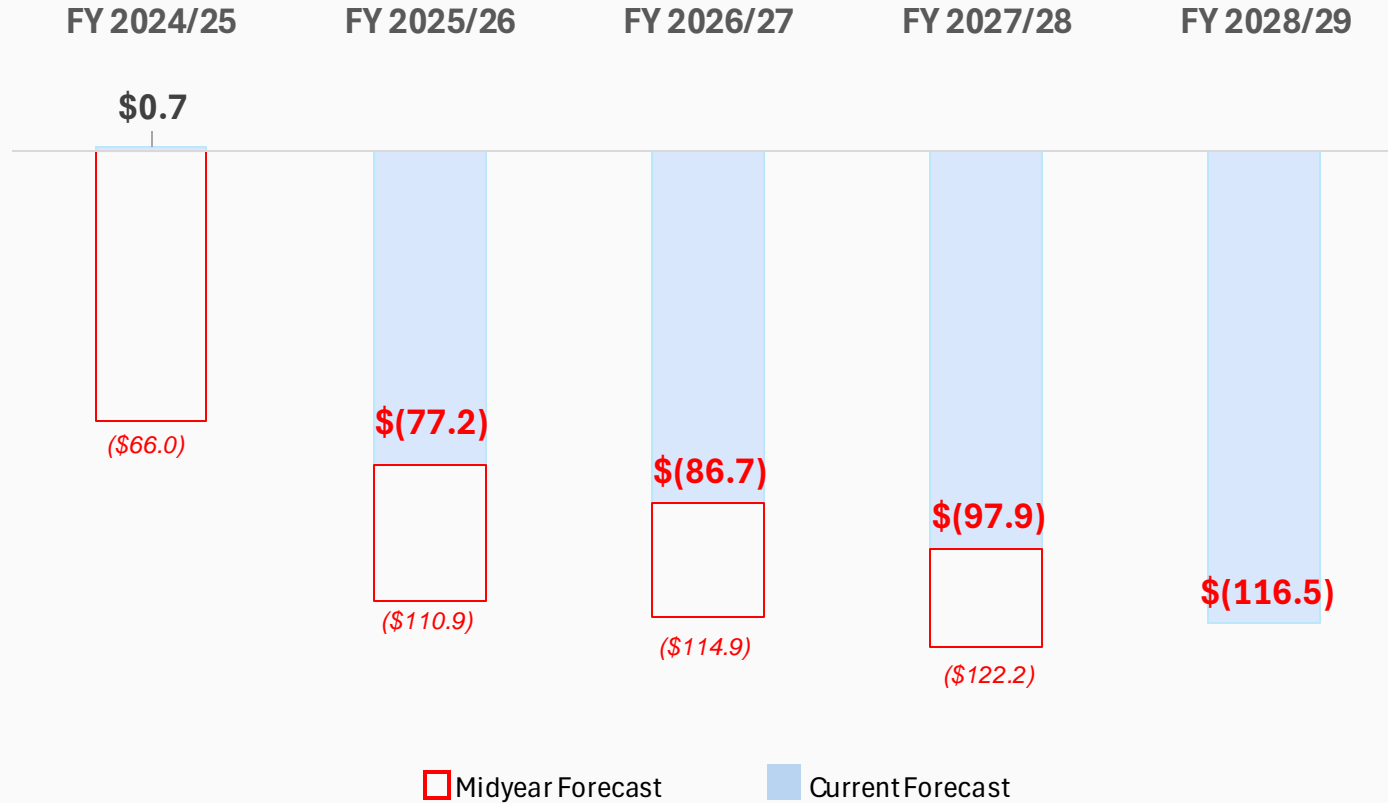
- The use of one-time funding in FY2024/25.
- Increased insurance and workers' compensation costs.
- Future rounds of State HHAP funding beyond HHAP-5 are not included in the five-year forecast.

The forecast does not assume a recession and does not contain costs from any future labor agreements.

Proposed Budget – G/MU Fund 5-Year Forecast

	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29
<i>Previous 5-Year Forecast Surplus / (Deficit)</i>	<i>(\$66.0)</i>	<i>(\$110.9)</i>	<i>(\$114.9)</i>	<i>(\$122.2)</i>	N/A
PROPOSED BUDGET 5-YEAR FORECAST – DOES NOT INCLUDE HHAP FUNDING BEGINNING FY2025/26					
Proposed Budget – Operations Surplus / (Deficit)	\$8.8	<i>(\$39.7)</i>	<i>(\$48.0)</i>	<i>(\$58.7)</i>	<i>(\$76.9)</i>
Proposed Budget – Homelessness Services Surplus / (Deficit)	<i>(\$8.2)</i>	<i>(\$37.5)</i>	<i>(\$38.7)</i>	<i>(\$39.2)</i>	<i>(\$39.6)</i>
Proposed Budget – Total G/MU Surplus / (Deficit)	\$0.7	<i>(\$77.2)</i>	<i>(\$86.7)</i>	<i>(\$97.9)</i>	<i>(\$116.5)</i>

Proposed Budget – G/MU Fund 5-Year Forecast



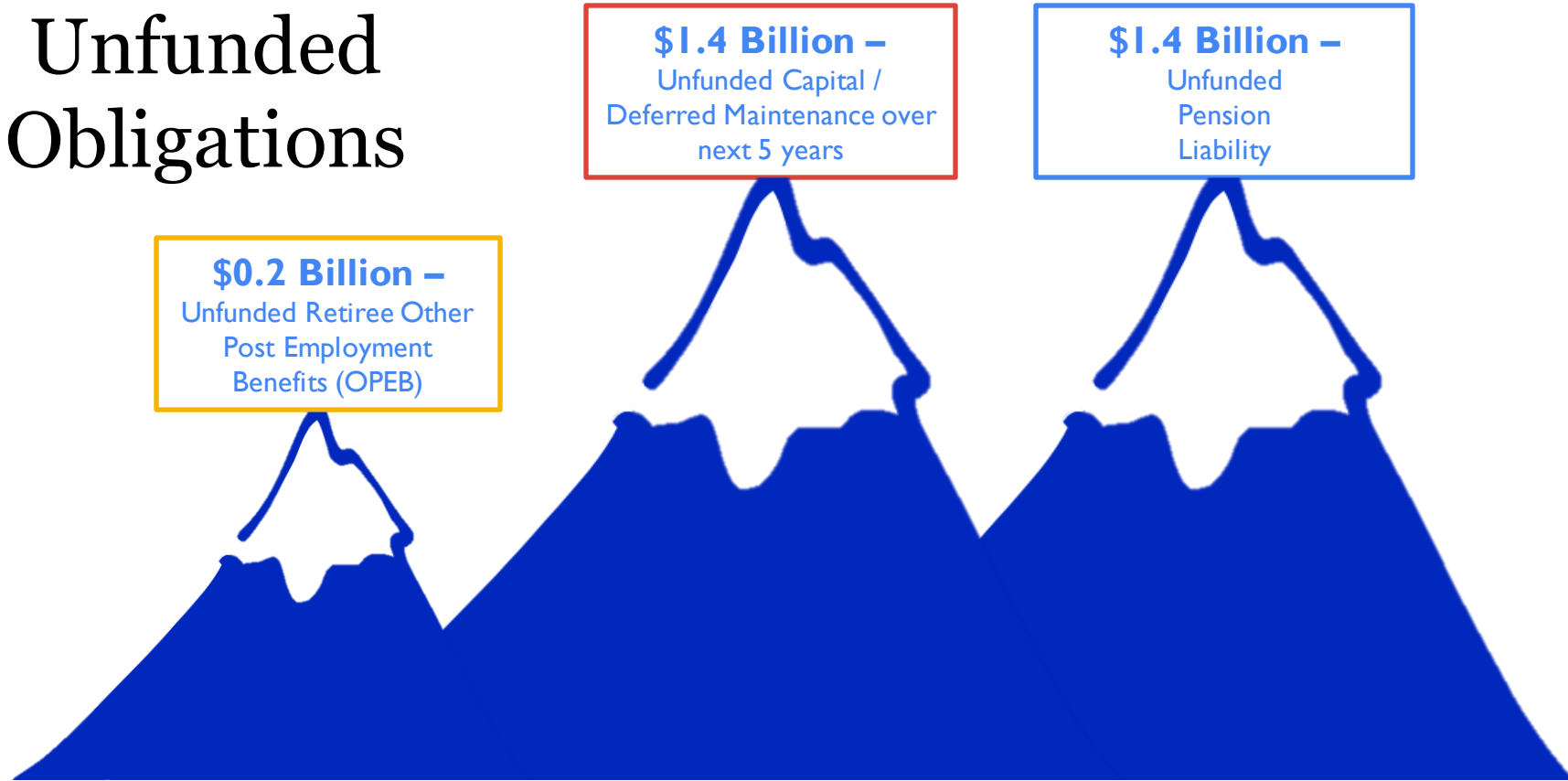
Long-Term Challenges



Unfunded Liabilities

- The City has long-term unfunded liabilities in addition to its structural operating budget deficit.
- These include unfunded capital and deferred maintenance needs, unfunded pension liabilities, and unfunded retiree health benefit liabilities.
- These unfunded liabilities need to be addressed and impact the City's long-term fiscal sustainability.

Mountain Of Unfunded Obligations



Climbing The Mountain

Many jurisdictions are facing similar challenges, and addressing the City's unfunded liabilities is **NOT** an insurmountable problem. The City can develop funding policies and plans to close these deficits over time. Options include:

- Utilizing the Capital Improvement Plan as a basis to prioritize investment.
- Develop a funding plan for capital projects and deferred maintenance.
- Policies to utilize one-time savings to pay down unfunded liabilities.
- Policies to incentive operating savings and use of those savings to pay down unfunded liabilities.
- Policies to allocate a share of discretionary general fund revenue towards unfunded liabilities.

These options can come to the Budget & Audit Committee for further evaluation.



Pending Factors

- Unfunded liabilities
- Future labor agreement costs
- Increasing insurance costs
- State budget impacts on local economy and availability of homelessness program resources
- Risk of recession

Reduction Plan Impacts



Community Services



Community Services Departments



Michael Jasso
Assistant City
Manager
Community Services



Megan Van Voorhis
Convention and
Cultural Services
(CCS) Director



Denise Malvetti
Office of Innovation
and Economic
Development (OIED)
Deputy Director



Tom Pace
Community
Development
Department (CDD)
Director

Community Services Departmental Savings Strategies

- Community Services departmental savings strategies in the Proposed Budget total \$12.6M
- No reduction in filled positions
- 4.0 FTE reduction in vacant positions

	Savings Amount	Vacant FTE Impact	Filled FTE Impact
Revenue Enhancements	\$0.1	-	-
Level 1 Reductions	\$12.2	(4.0)	-
Level 2 Reductions	\$0.2	-	-
Total	\$12.5	(4.0)	-

Community Services Reduction Strategies – Revenues (millions)

Strategy	Dept	Savings	Service Impact
Align Facility Use Fee revenue budget with projections	City Manager	\$0.03	None
Align History Division revenue budget with projections	CCS	\$0.06	None
Editorial Use and Merchandise fee increases based on CPI	CCS	\$0.01	Higher cost for users of services
Total		\$0.1	

Community Services Reduction Strategies – Level 1 Reductions

Strategy	Dept	Savings	Service Impact	Staffing Impact
Reduction in Arts Stabilization	CCS	\$0.10	Likely impact to community-initiated art installations on public property because funds won't be available to cover cost recovery of those activities.	-
Reduction in OIED position vacancies	OIED	\$0.27	Likely impact to service delivery timing.	(2.0)
Reduction of language access vacancy	City Manager	\$0.01	Current staff will complete the language access policy but full implementation will depend on funding availability. Outreach in identified languages will continue as well as outreach efforts through the Community Engagement ambassador program.	(1.0)
Reduction of executive assistant vacancy	City Manager	\$0.97	Slower response times in the City Manager's Office regarding calendaring requests of executive level staff and distribution of mail and messages, and other administrative duties.	(1.0)
OIED MYOP reductions	OIED	\$8.3	Less funding available for Economic Development programs.	-
Completed MYOP project recoupment	OIED	\$0.21	None	-
Long Range Planning Reimbursements	CDD	\$0.50	None	-
Reduction in Neighborhood Development Action Team funding	CDD	\$0.60	FY 2024/25: None. Beyond 2024/25: Impact will be fewer resources to focus efforts to revitalize commercial corridors.	-
Eligible expenses to Development Services Fund	CDD	\$0.61	None	-
Service and supply reductions	CDD	\$0.87	None	-
Eligible expenses to Community Center Fund	CCS	\$0.58	None	-
TOTAL		\$12.2		(4.0)

Community Services Reduction Strategies – Level 2 Reductions

Strategy	Dept	Savings	Service Impact	Staffing Impact
Reduction in funding for SMUD Museum of Science and Curiosity	CCS	\$0.09	Would require museum to close one day a week, fewer shows in planetarium and reduction in ratio of staff to school groups.	-
Reduction in funding for Old Sacramento Visitor Center Support and History Alliance Operations	CCS	\$0.09	Would eliminate the services of the Visitors Center in Old Sacramento and would lay off 2 SHA employees. Would end free public programming in Old Sacramento Historic District, reduce staff hours and eliminate 1 part time position.	-
Total		\$0.2		-

Community Services Budget Highlights

The Fiscal Year 2024/25 Proposed Budget maintains funding for key priorities including:

- In CDD, the Code Night Team's 6 FTE continue to provide essential support to our nighttime economy by ensuring our venues are operating in a safe and neighborly manner.
- In the Office of Arts & Culture, the grants team will continue to fund Cultural Arts Awards, grassroots arts activity and neighborhood arts activities, professional development for the arts and cultural community and the film office.
- A new entertainment services division will result in a single point of entry for all entertainment-related permitting, provide better support and capacity for those functions and ultimately improve the climate for arts and entertainment in the city.
- Inclusive Economic Development programs including Economic Gardening to support Sacramento's growing small businesses and the Financial Empowerment Center that assists residents with improving their financial health.

Community Services Budget Challenges

Upcoming challenges include:

- Fewer housing starts due to high interest rates has resulted in declining development revenues affecting CDD's cost recovery.
- Deferred maintenance in the Old Sacramento Historic District is beginning to severely affect the visitor experience in the district.
- Desire to increase fees at the Convention & Performing Arts district is at odds with efforts to activate our facilities in a more competitive landscape.
- Rising utilities and security costs are impacting the ability of the Crocker Art Museum to stay within a balanced budget.
- Expansion of the pool of nonprofit arts and cultural grantees through ARPA funding will be difficult to maintain with existing Cultural Arts Awards resources.
- Initiated impactful small business, workforce, childcare and housing programs with one-time federal funds (CARES and ARPA). The needs remain for our residents and businesses, but the funds do not.

Internal Services



Internal Services Departments



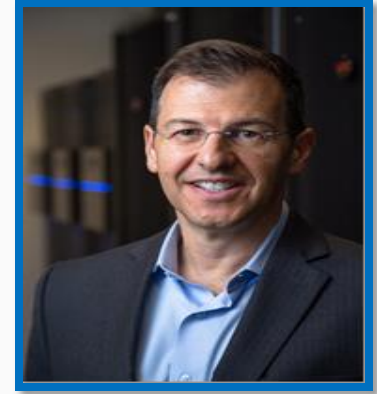
Leyne Milstein
Assistant City
Manager
Internal Services



Pete Coletto
Director of Finance



**Shelley Banks-
Robinson**
Director of Human
Resources



Darin Arcolino
Director of
Information
Technology

Internal Services Departmental Savings Strategies

- Internal Services departmental savings strategies in the Proposed Budget total \$1.9M
- No reduction in filled positions
- 6.9 reduction in vacant positions

	Savings Amount	Vacant FTE Impact	Filled FTE Impact
Revenue Enhancements	\$0.4	-	-
Level 1 Reductions	\$0.3	(0.9)	-
Level 2 Reductions	\$1.2	(6.0)	-
Total	\$1.9	(6.9)	-

Internal Services Reduction Strategies – Revenues (millions)

Strategy	Dept	Savings	Service Impact
Aligning revenue budget with projections	Finance	\$0.09	None.
Late charge structure adjustment	Finance	\$0.10	Update to decade old charges that will aid in compliance. Higher cost for late payments.
Increased accounting charges to 3 rd parties due to higher costs	Finance	\$0.04	Cost recovery for the City.
Increased special business permit fees	Finance	\$0.10	Update to fees last changed in 2007. Higher cost to permittees.
Increased bond proceed reimbursements	Finance	\$0.05	None - cost recovery for the City from eligible source of funding.
Increased P-Card rebate revenue	Finance	\$0.02	None – will also aid in purchase administration.
Increased reimbursements from Special Districts	Finance	\$0.03	None – cost recovery for the City.
Total		\$0.4	

Internal Services Reduction Strategies – Level 1 Reductions

Strategy	Dept	Savings	Service Impact	Staffing Impact
Reduction in customer service vacancies	Finance	\$0.05	Will not be able to improve customer service over current level.	(0.9)
Discontinue Student Internship Training Program	IT	\$0.12	Eliminates 12 intern positions that support routine tasks that help the department operate more efficiently.	-
Eliminate redundant e-check system cost	Finance	\$0.10	None – new system eliminates need for this cost.	-
Eliminate mailing checks	Finance	\$0.01	Those not receiving electronic payments will have to pick up checks at City Hall.	-
Reduce ACFR & Budget book printing	Finance	\$0.02	Fewer physical copies but information is online.	-
Transition from mail to e-statements	Finance	\$0.01	None, projected reduction in budgeted expense to align with actual cost.	-
TOTAL		\$0.3		(0.9)

Internal Services Reduction Strategies – Level 2 Reductions

Strategy	Dept	Savings	Service Impact	Staffing Impact
Eliminate SAM Program vacancy	IT	\$0.12	Eliminates a position to manage citywide software assets effectively. Remaining staff to complete work.	(1.0)
Eliminate user and device support vacancies	IT	\$0.40	Delays in the time to resolve technical support tickets and device procurement requests.	(3.0)
Eliminate Citywide GIS program vacancies	IT	\$0.29	Inefficiencies in providing timely GIS services and business process changes citywide.	(2.0)
Discontinue Digital Equity Response Program	IT	\$0.20	Eliminates the partnership with the United Way which was initially funded with one-time money.	-
Discontinue Fiber Optics Infrastructure Program	IT	\$0.20	Eliminates the resources to expand the city fiber optic network beyond current capacity.	-
TOTAL		\$1.2		(6.0)

Internal Services Budget Highlights

The Fiscal Year 2024/25 Proposed Budget maintains funding for key priorities including:

- Finance, HR and IT policy and technology modernization efforts to lower administrative workload and support the City's operating departments, residents, and businesses.
- Updated capital planning to prioritize and develop funding plan for City facilities and infrastructure.
- Diversity, equity, and inclusion internal work on the Race & Gender Equity Action Plan (RGEAP) focused on workforce equity and capacity building of all City staff.
- Racial Equity external work to support the Racial Equity Committee and the advancement of the Sacramento Centered on Race & Equity (SCORE) initiative.

Internal Services Budget Challenges

Upcoming challenges include:

- Supporting the long-term fiscal health of the City in the context of rising costs including, but not limited to, retirement, software, insurance.
- Future rounds of labor negotiations.
- Increased workload for remaining staff.
- Replacement of key operating systems including the Finance and Budget systems.

Municipal Services



Municipal Services Departments



Ryan Moore
Assistant City
Manager
Municipal Services



Matt Eierman
Public Works
Director



Pravani Vandeyar
Utilities Director



Jackie Beecham
Youth, Parks, and
Community
Enrichment Director

Municipal Services Departmental Savings Strategies

- Municipal Services departmental savings strategies in the Proposed Budget total \$8.8M
- No reduction in filled positions
- 23.3 reduction in vacant positions

	Savings Amount	Vacant FTE Impact	Filled FTE Impact
Revenue Enhancements	\$6.7	-	-
Level 1 Reductions	\$1.2	(18.2)	-
Level 2 Reductions	\$0.9	(5.1)	-
Total	\$8.8	(23.3)	-

Municipal Services Reduction Strategies– YPCE Revenues (millions)

Strategy	Savings	Service Impact
Department-wide: Align revenue budget with projections	\$0.11	No service impacts. Department is right sizing revenue obligations to align with current actuals.
Community Enrichment: CPI adjustments	\$.24	Biannual increase to Camp Fee, Community Center & Event Fee, and Aquatics & Sports Fee based on consumer price index as per City policy and standard practice.
Community Enrichment and Youth: Reimbursement from Other Funds	\$0.19	No direct service impacts, these reimbursements allow YPCE to offset Measure U spending by leveraging other funding sources. Twin Rivers Partnership for Summer Oasis programming and Ethel MacLeod Hart Trust Fund, for Meals on Wheels programming.
Community Enrichment and Youth: New Community Center Program & Use fees	\$0.69	Impact to non-youth overall participation numbers at some locations and may create a financial barrier with no scholarship program. Fee increases are in line with market rates.
Community Enrichment and Youth: Increase existing Recreation and Athletic Field fees	\$1.08	Minor impact to overall participation in aquatics, camp, and senior programming and sports field rental numbers. Youth sports field fee waiver/reduction available for youth sports field and scholarships are available through the Hart Trust fund for senior programs. Fee increases are in line with market rates.
Restructure Fee Waiver Program	\$0.12	Will result in the community based organizations being responsible for full rental fees of community center use
Eliminate Youth Fee Waiver	\$0.06	Eliminate scholarship program for under resourced youth and families participation in program
Community Enrichment: Class Expansions and Revenue Split adjustments	\$0.04	No impact on service levels or program offerings
Total YPCE	\$2.50	

Municipal Services Reduction Strategies– Public Works Revenues (millions)

Service Impact	Savings	Strategy
Parking revenue alignment with projections	\$1.34	Aligning projected revenue and expenditures with anticipated growth.
Increase parking meter hours of operations	\$0.57	Implement paid parking until 10 PM, seven days a week, including Sundays, at on-street parking meters to regulate parking demand, promote turnover of parking spaces, alleviate congestion, and incentivize the adoption of alternative transportation methods.
Eliminate free parking on holidays	\$0.37	Implement paid parking on all legal holidays at on-street parking meters to support events, regulate parking demand, promote turnover of parking spaces, alleviate congestion, and encourage the adoption of alternative transportation methods.
Fee Increases based on CPI (4 strategies)	\$0.07	Adjustments to fees to cover inflationary costs, Sidewalk Administrative Fees, Tree Root Inspection Fees, Solid Waste Materials Re-Inspection Fees, Commercial Solid Waste Franchise Denial Appeal Fee
Increase parking meter fees	\$0.11	Modify on-street parking meter rates to reflect current market conditions to facilitate parking turnover and bolster local businesses.
Increase parking citation penalties	\$0.62	Modify parking citation penalties to reflect current market rates and contribute to the reduction of safety violations and increase parking compliance.
Implement paid on-street parking program	\$0.34	Permit new developments to utilize on-street parking as overflow, thereby decreasing the parking requirements for each project. Users will be charged 120% of the market rate for on-street parking. This initiative aims to incentivize alternative transportation usage and contribute to a decrease in car ownership.
Installation of new parking meters	\$0.04	Install additional parking meter spaces to regulate parking turnover and bolster business activity in high-impact areas.
Align facilities & maintenance revenue with projections (2 strategies)	\$0.68	Aligning projected revenue and expenditures with anticipated growth.
Total Public Works	\$4.2	
Grand Total Municipal Services	\$6.7	

Municipal Services Reduction Strategies – Level 1 Reductions

Strategy	Dept	Savings	Service Impact	Staffing Impact
Community Enrichment and Youth Programs: Reduce vacancies	YPCE	\$1.05	Minimal impact to community center and aquatics programming, operations, and administrative support including delays in response time. Will reduce year end savings that fund overtime and deferred maintenance.	(18.3)
Community Enrichment and Youth Programs: Service and supply adjustments	YPCE	\$0.05	Adjustment of program offerings and times, may result in reduced giveaways, program supplies, and enhanced program opportunities	-
Park Maintenance: Shift of costs to eligible fund	YPCE	\$0.08	No service level impact	-
TOTAL		\$1.2		(18.3)

Municipal Services Reduction Strategies – Level 2 Reductions

Strategy	Dept	Savings	Service Impact	Staffing Impact
Community Enrichment and Youth Programs: Reduce vacancies	YPCE	\$0.29	Minimal impact to community center, aquatics, and Camp Sacramento programming, operations, and administrative support. Will reduce year end savings that fund overtime and deferred maintenance.	(5.1)
Community Enrichment and Youth Programs: Service and supply adjustments	YPCE	\$0.38	No significant impact to direct program delivery; reduction in giveaways at special events; utilizing existing city amenities as alternative to provide field trip experiences; minimal stipend amount reduction but maintain capacity for youth workforce development programs.	-
Park Maintenance: Reduce watering of ornamental turf	YPCE	\$0.32	Affects only passive recreation areas not otherwise used for sports play. May result in minor plant stress and minimal yellowing of the turf.	-
TOTAL		\$0.9		(5.1)

Municipal Services Budget Highlights

The Fiscal Year 2024/25 Proposed Budget maintains funding for key priorities including:

- Continuation of SURA program for low-income utility rate payers.
- EV purchasing and charging infrastructure installation.
- DPW and DOU will maintain current service levels.
- Maintains Community Center & Aquatic programming and hours of operation.
- Continuation of youth programs, summer camps, youth workforce development opportunities, and Older Adult services.
- Restructure of Youth Scholarship Fund to include youth programs, athletic field and community center fee waivers and reductions.
- New Chief Park Ranger to support park safety efforts.
- Addition or renovation of 7 parks, 2 new community gardens, and Del Rio Trail

Municipal Services Budget Challenges

Upcoming challenges include:

- Addressing & funding the City's large deferred maintenance backlog.
- Ongoing funding needs to support capital improvements and new facilities.
- Implementation of unfunded state mandates such as Advanced Clean Fleet, organics recycling, and Water Conservation.
- Additional staffing needs for Park Maintenance and Park Rangers.
- Limited Youth Scholarship funding for athletic and other community programs.
- Staff recruitment & retention.

Public Safety



Public Safety Departments



Mario Lara
Assistant City
Manager
Public Safety



Brian Pedro
Director
Department of
Community
Response



Chris Costamagna
Fire Chief



Kathy Lester
Police Chief

Public Safety Departmental Savings Strategies

- Public Safety departmental savings strategies in the Proposed Budget total **\$15M**
- No reduction in filled positions
- 10.0 FTE reduction in vacant positions

	Savings Amount	Vacant FTE Impact	Filled FTE Impact
Revenue Enhancements	\$6.7	-	-
Level 1 Reductions	\$2.4	-	-
Level 2 Reductions	\$1.7	(10.0)	-
Total	\$10.8	(10.0)	-

In addition to the \$10.8 million in savings, Public Safety has \$4.2 million in Citywide savings strategies mentioned previously through the reallocation of prior year HHAP savings (\$3.8 million) and the reduction of funding for Police Information Technology projects (\$0.4 million).

Public Safety Reduction Strategies – Revenues (millions)

Strategy	Dept	Savings	Service Impact
Increase Intergovernmental Transfer(IGT) Revenue for Emergency Medical Services (EMS)	Fire	\$3.00	These funds will not be available for other eligible EMS costs such as equipment or increased staffing.
EMS partnership with outside ambulance company	Fire	\$2.75	This increases capacity to respond to calls through contracted services and reduces reliance on mutual aid.
Increase Special District Revenue budget to align with revenue projections	Fire	\$0.90	None.
Increase fees based on Consumer Price Index	Police	\$0.02	Higher costs for users of these services.
Total		\$6.7	

Public Safety Reduction Strategies – Level 1 Reductions

Strategy	Dept	Savings	Service Impact	Staffing Impact
One-time use of IGT to fund Single Role EMS Program	Fire	\$2.24	This is a one-time strategy and budget balancing reductions will be needed in future fiscal years to continue this savings.	-
Reduce redundant cellular connectivity	Police	\$0.12	Eliminate redundancy.	-
Total		\$2.4		

Public Safety Reduction Strategies – Level 2 Reductions

Strategy	Dept	Savings	Service Impact	Staffing Impact
Reductions in the Communications Center	Police	\$0.29	Workload will be redistributed.	(1.0)
Reductions in Internal Affairs	Police	\$0.96	Change how complaints flow through investigations process.	(5.0)
Reduction in Public Information Office	Police	\$0.23	Delay response to media requests and release of information.	(2.0)
Reduction in Transparency Team	Police	\$0.24	Workload will be redistributed – delays and roll out production of files.	(2.0)
Total		\$1.7		(10.0)

Public Safety Budget Highlights

The Fiscal Year 2024/25 Proposed Budget maintains funding for key priorities including:

- Incident Management Team to address homelessness
- Single Role program
- Leverage external funds
- Expanded civilianization of Police Department

Public Safety Budget Challenges

Upcoming challenges include:

- Recruitment - Nationwide challenge
- Aging infrastructure / Facilities & equipment needs
- State budget challenges & associated homelessness funding risks
- State legislation for Medicaid reimbursement rates for Mobile Integrated Health
- Election Year/First Amendment Events – higher demand for service

Next Steps

(Dates subject to change & additional meetings may be added if needed)

Date / Meeting	Subject
Week of April 29, 2024	Release of Proposed Budget
May 7, 2024 – 11 AM B&A Committee	Proposed Budget Overview Review of Fees & Charges
May 7, 2024 – 5PM Council	Proposed Budget Hearing: <ul style="list-style-type: none"> • Budget Overview • Community Services • Internal Services • Municipal Services • Public Safety
May 14, 2024 – 2PM Council	Proposed Budget Hearing: <ul style="list-style-type: none"> • Capital Plan • Fees & Charges • Pilot Equity Analysis
May 14, 2024 – 5PM Council	Proposed Budget Hearing: <ul style="list-style-type: none"> • Budget Deliberations & Council Direction
May 20, 2024 – 5:30PM Measure U Commission	Proposed Budget Overview
May 28, 2024 – 11 AM B&A Committee	Final Budget Review
June 11, 2024 – Council – 5PM	Final Budget Review and Adoption

Questions & Discussion