

A dark blue silhouette of the Sacramento skyline is positioned across the middle of the slide. It features various building shapes and two prominent towers on the right side, resembling the towers of the Golden Gate Bridge.

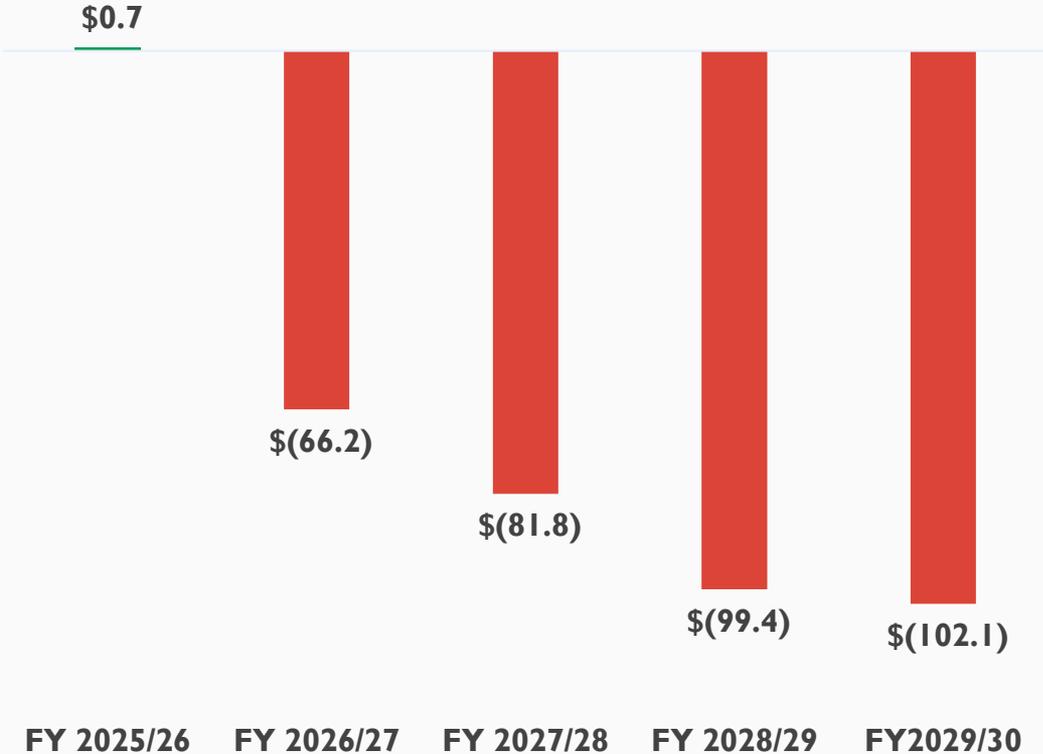
Fiscal Year 2026/27
Early Budget Work Session

Early Budget Work Sessions Schedule



Structural Deficit

- Not caused by an economic downturn.
- Imbalance between expense growth and revenues.
- Ongoing balancing strategies lower projected deficits in future years.



Budget Balancing

Define Core Services / Advance Priorities

- Define & preserve core services.
- Advance Council priorities:
 - Economic Development;
 - Homelessness; and
 - Public Safety.
- Minimize, to the extent possible, impacts on services to the public.
- Minimize, to the extent possible, impacts on staff.

Budget Balancing – Creating a Menu of Options

- Departments to develop reduction plans to hit a target reduction of 15% net G/MU fund use.
- Define service and staffing impact of each strategy.
- Finance staff will review projects and other citywide budget reduction strategies.

This process generates more savings options than are needed to balance the budget which allows the City to be strategic in selecting reductions.

Available Strategies

To close the deficit, City staff identified over 200 departmental and citywide savings strategies:

Category	Savings (\$ millions)	Vacant FTE Impact	Filled FTE Impact	Total FTE Impact
Revenue	\$15.1	-	-	-
Level 1 Reduction	\$7.4	(3.9)*	-	3.9
Level 2 Reduction	\$5.5	13.0	17.6	30.7
Level 3 Reduction	\$10.2	30.8	61.7	92.5
Level 4 Reduction	\$51.2	106.8	193.0	299.7
Citywide Strategy	\$16.9	-	-	-
Total	\$106.3	146.7	272.3	419.0

*Single role implementation results in 8 additional positions, but at a lower net cost.

These strategies present a total of \$106M in budget balancing options to close the City's \$66.2M projected deficit.

Baseline Budget Balancing Plan

Strategy	Savings
Interest on Treasury Pool	\$3.5
Debt Refunding	\$1.4
Debt Service Funding Shift	\$1.2
Citywide Strategies / Project Fund Reallocations	\$11.4
Homelessness Services Contract Efficiencies	\$3.8
Hotel Voucher Program Shift	\$3.2
X St Shelter Partnership Savings	\$2.8
Fire Single Role Savings	\$3.6
Violence Prevention Grant & MYOP	\$1.8
Additional Departmental Revenues	\$15.1
Expense Reductions:	
Police	\$7.1
Fire	\$5.6
YPCE	\$4.8
Other Departments	\$7.5
Total Savings	\$72.8

Baseline Budget Balancing - Staffing Impacts (as of March 4)

Staffing Impacts – Baseline Reduction Strategies:

- Elimination of 98.7 Vacant FTE
- Elimination of 103.3 Filled FTE

Other Staffing Impacts:

- Elimination of 13 Filled FTE and 1 Vacant FTE in Police associated with ending outside contracts – all filled FTE will move to vacant positions.
- Elimination of 5.1 Filled FTE and 21.3 Vacant FTE in YPCE primarily associated with the loss of State funding.

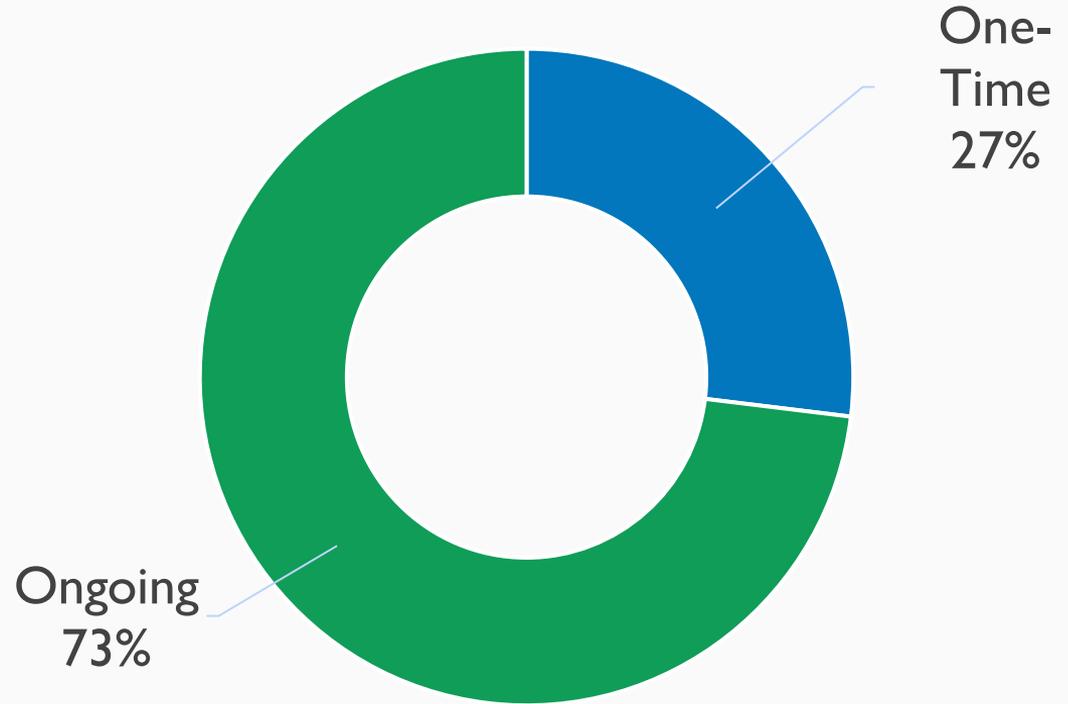
A filled position being eliminated does not necessarily result in an employee separating from the City.

Staff is currently analyzing impacts and opportunities to place impacted staff in alternative vacancies.

There will also be position impacts outside of the budget reduction process.

We will continue to update Council on impacts to staff throughout the budget process.

Budget Balancing – One-time vs Ongoing



Budget Balancing – Alignment with Council Priorities

- Economic development programs to continue innovative and inclusive strategies such as tax increment financing, streamlined permitting, and entrepreneurship support to drive growth.
- Maintains homelessness services at lower costs.
- No sworn police or fire separation from the City.
- Lower proportional share reductions in Police and Fire versus across-the-board cut scenario.
- Avoids Fire station closures & continues Single Role program.
- Maintains community prosecutor for additional year.
- Maintains FUEL Network service levels for an additional year with funding from Federal Funding Reserve established by Council in FY 2025/26 Budget.

Pending Factors

- Labor negotiations
- Unfunded liabilities (pension, capital, and deferred maintenance)
- Future of State homelessness program resources
- Federal funding risks
- Risk of recession
- Structural nature of budget deficit, not due to an economic downturn

Department Presentations



City of
SACRAMENTO

A dark blue silhouette of a city skyline is positioned in the middle ground. It features various building shapes and two prominent bridge towers on the right side, resembling the Golden Gate Bridge. The background is a solid dark blue.

CITY MANAGER'S OFFICE / OFFICE OF
INNOVATION & ECONOMIC DEVELOPMENT

CMO Mission & Services

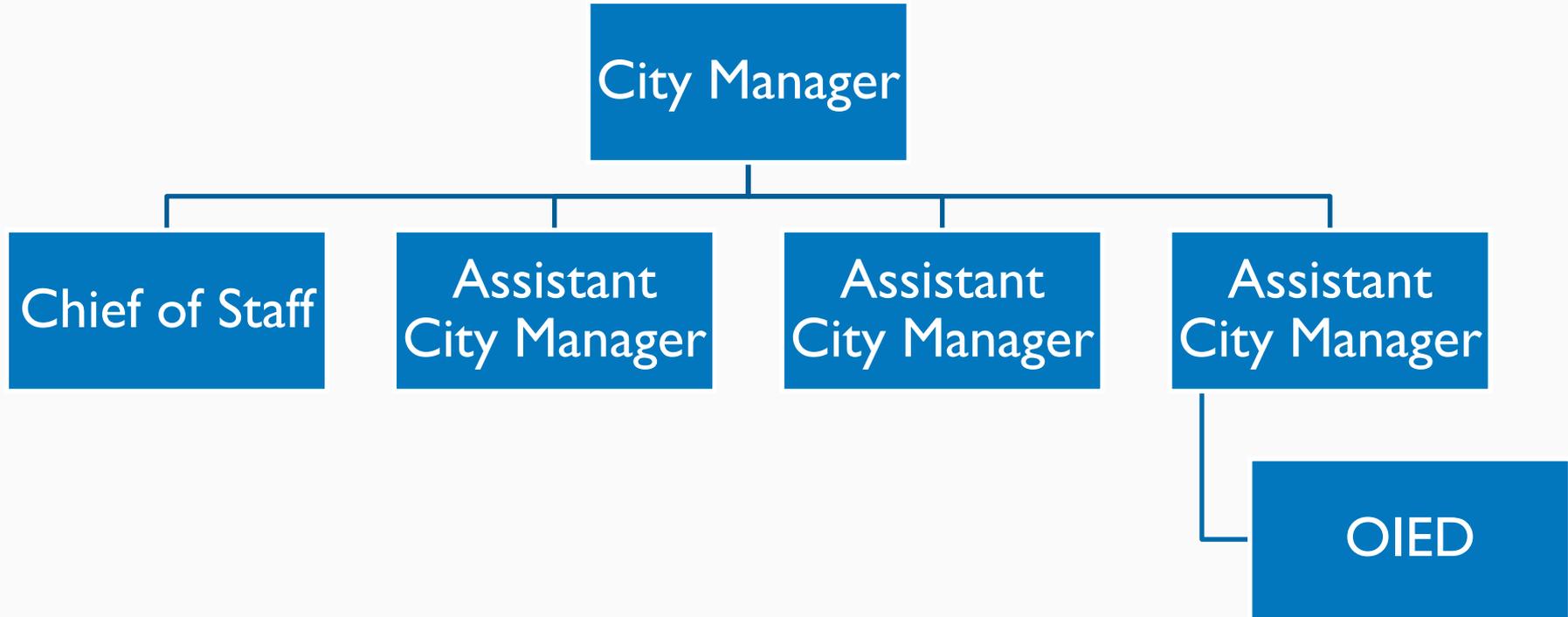
Department Mission

The City Manager's Office is responsible for the leadership and direction of all City operations, programs, and services designed to protect, preserve, and enhance the quality of life for present and future generations.

Services

Implements City Council priorities, provides policy recommendations on the annual budget and future City needs, and oversees all City departments.

CMO Department Structure



Total FTE: 48.0 / Executive Office Total FTE: 16.0

CMO - Current Year Budget (\$ millions)

General Fund Budget	
Appropriations	\$3.5
Revenues	\$0
Net General Fund Cost	\$3.5
Full-Time Equivalent Positions	16.0

CMO - 15% Reduction Options Summary

Reduction Category	Savings Amount	Vacant FTE	Filled FTE	Total FTE
Revenue	-	-	-	-
Level 1	\$.12	-	-	-
Level 2	\$.4	2.0	1.0	3.0
Level 3	-	-	-	-
Level 4	-	-	-	-
Total	\$.52	2.0	1.0	3.0

Expense Reductions

- Media outreach and response and proactive communications
- Reduction in service and supplies

OIED Mission & Services

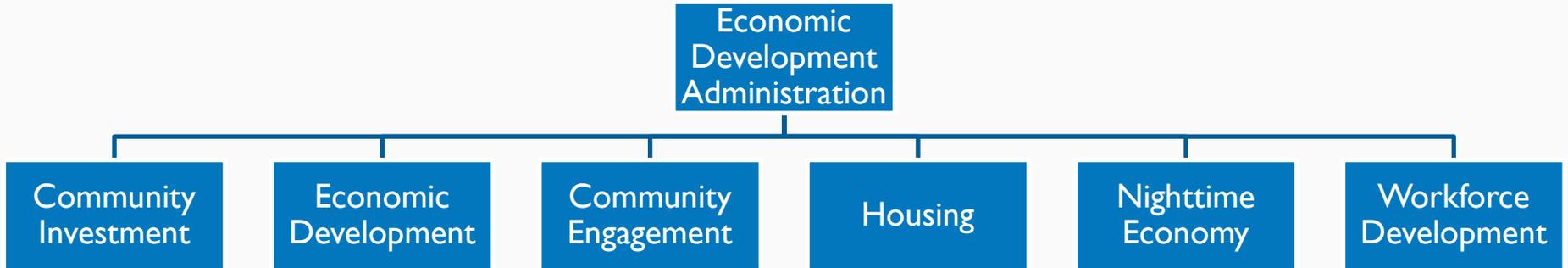
Department Mission

The Office of Innovation and Economic Development is committed to growing a strong, inclusive, and vibrant economy. We encourage job growth and investment by retaining, attracting, growing, and scaling new and innovative businesses.

Services

Connecting residents and businesses with critical resources including small business resources, project facilitation and financing, housing solutions, and workforce developments so all residents participate in Sacramento's economic growth.

OIED Structure



Total FTE: 32.0 / Total General Fund FTE: 30.0

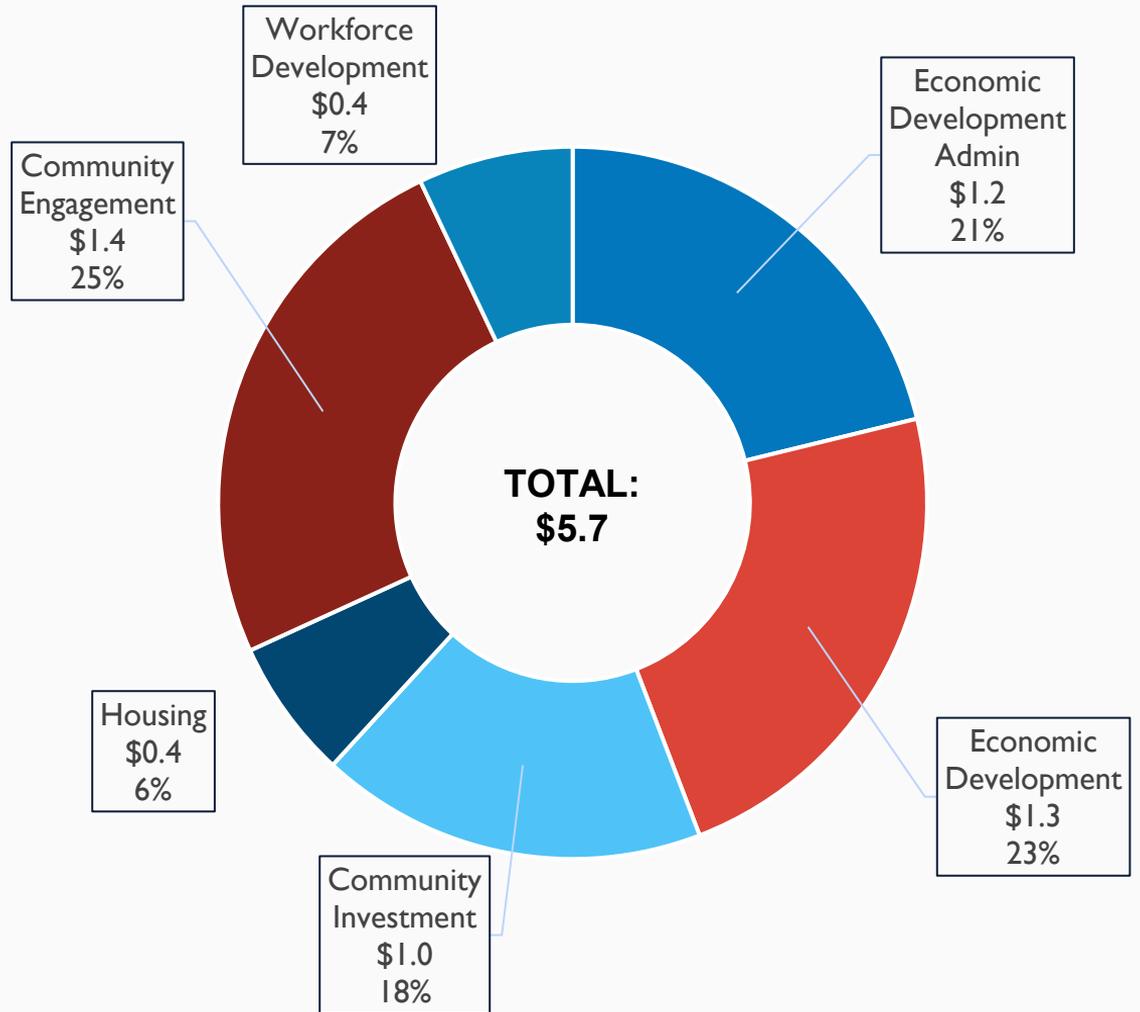
Current Year Budget (\$ millions)

General Fund Budget	
Appropriations	\$5.7
Revenues	\$0
Net General Fund Cost	\$5.7
Full-Time Equivalent Positions	30

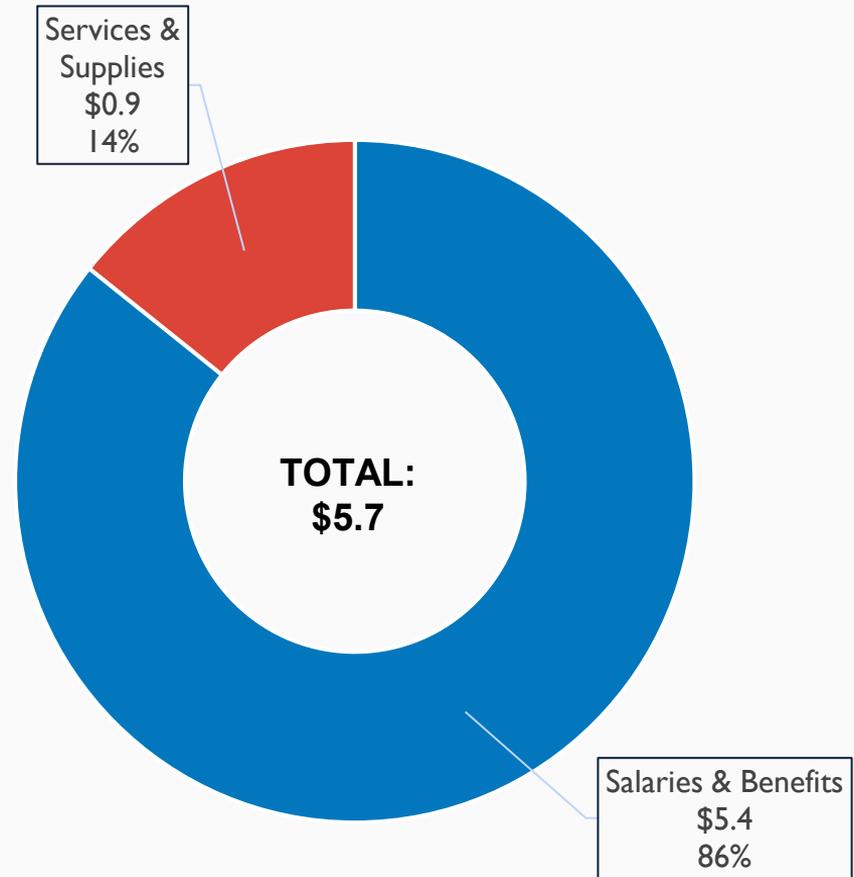
Other Funds Budget*	
Appropriations	\$4.6
Revenues	\$0
Net Use of / (Contribution to) Fund Balance	\$0
Full-Time Equivalent Positions	2

*Other funds primarily include the Innovation & Growth Fund

OIED - General Fund Appropriation By Division (\$ millions)



OIED - General Fund Appropriation By Spending Category (\$ millions)



Offsets & Transfers: (\$.60)

15% Reduction Options Summary

Reduction Category	Savings Amount	Vacant FTE	Filled FTE	Total FTE
Revenue	-	-	-	-
Level 1	\$.26	1.0	-	1.0
Level 2	\$.60	-	-	-
Level 3	-	-	-	-
Level 4	-	-	-	-
Total	\$.86	1.0	-	1.0

Budget Balancing Impacts

Expense Reductions

- Reduction in service and supplies
- Economic Gardening Program aligned to expenditures, minimal impacts to programming
- Position funding source change to support Sacramento Valley Station economic development opportunities

- Advance Catalytic Projects
- Develop a Strategic Economic Development Plan
- Deliver Workforce Development Programs
- Increase Housing Opportunities
- Support Small Business and Entrepreneur Growth
- Advance the Strategic Plan and City Council Priority Initiatives

Questions & Comments



City of
SACRAMENTO



CONVENTION AND
CULTURAL SERVICES

Department Mission & Services

Department Mission

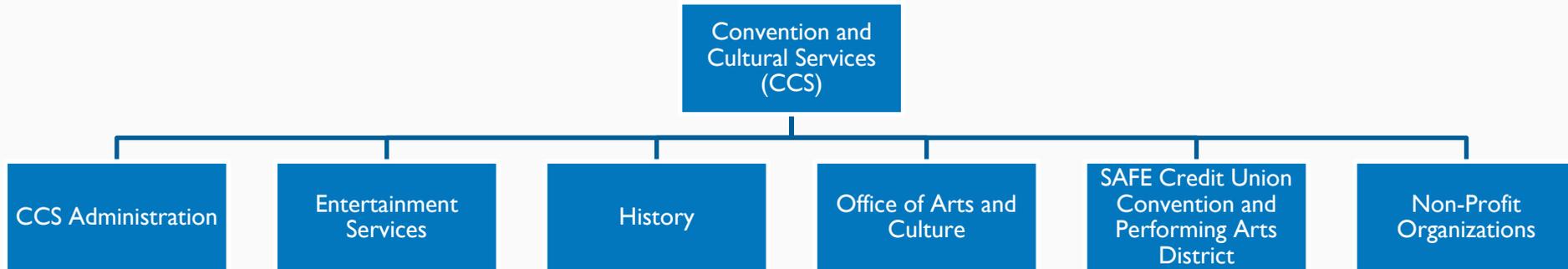
The mission is to promote and preserve our unique culture and heritage by delivering accessible arts, leisure, and educational experiences to enrich people's lives and enhance the metropolitan area.

Services

Our department **funds, permits and supports** the creative economy and **commissions public art** that contributes to neighborhood identity and pride. We **collect, organize, care for and make accessible** the region's vast cultural heritage. **We manage districts and operate facilities** that collectively attract millions of people and hundreds of millions in associated impact.



Department Structure



Total FTE: 124.50 / Total General Fund FTE: 23.95

City of Sacramento – Convention and Cultural Services

Operating Budget Overview | \$36.1 Million

85% Enterprise Fund - \$30.5 Million

Community Center Fund

12% General Fund - \$4.4 Million

Office Arts & Culture | Entertainment Services | History

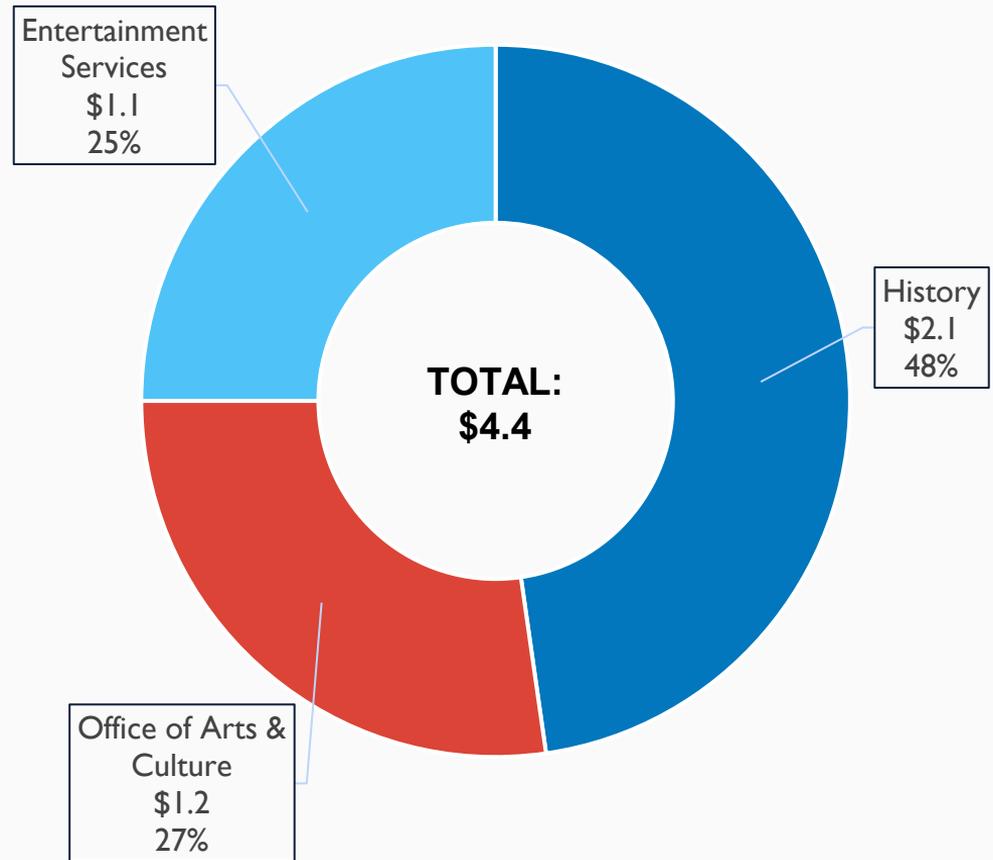
3% Other Funds - \$1.2 Million

Fairytale Town Fund | H Street Theater Fund | Innovation & Growth Fund | Old Sacramento Maintenance District Fund | Old Sacramento Market Fund | Winchester G. & Mary Alice Felt Fund | Zoo Fund

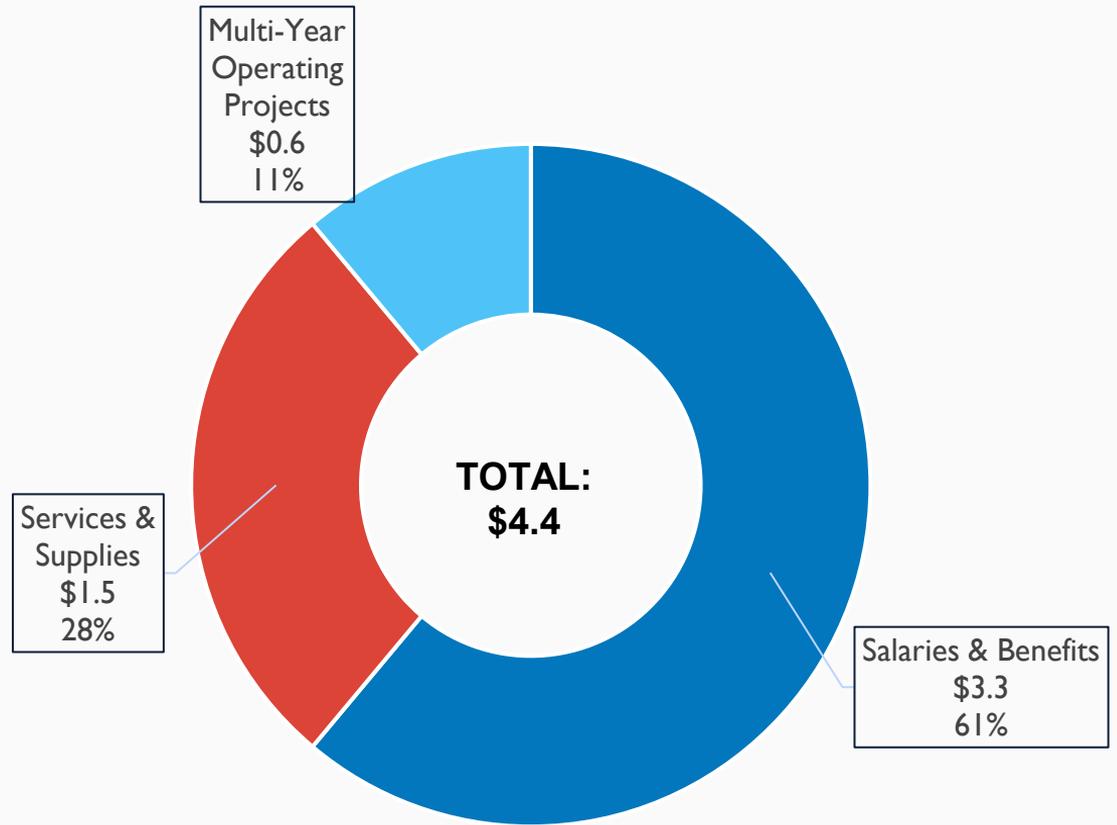
Current Year Budget (\$ millions)

General Fund Budget	
Appropriations	\$4.4
Revenues & Offsets	\$0.8
Net General Fund Cost	\$3.6
Full-Time Equivalent Positions	23.95 FTE

General Fund Appropriation By Division (\$ millions)



General Fund Appropriation By Spending Category (\$ millions)



Offsets & Transfers: (\$1.0)

15% Reduction Options Summary

Reduction Category	Savings Amount	Vacant FTE	Filled FTE	Total FTE
Level 1	\$275,652	1.70	0.00	1.70
Level 2	\$15,000	0.00	0.00	0.00
Level 3	\$250,000	0.00	0.00	0.00
Total	\$540,652	1.70	0.00	1.70

Budget Balancing Impacts

Expense Reductions (\$0.1M)

- Eliminating vacancies – reduction due to decreased dock traffic and service needs, will not have a service impact.
- Reducing position – reduction in Registrar position to half-time reducing the G/MU fund obligation for this position, essential responsibilities of this position at the Center for Sacramento History can be maintained at the half-time level, however processing volume will be reduced.

Budget Balancing Impacts

Value of reductions included in base budget balancing plan totals \$0.3M

Expense Reductions (\$0.2M)

- Changing funding source – transition funding source for McClellan Park storage facility lease payment to Community Center Fund; McClellan supports the Crocker Art Museum and Center for Sacramento History by providing for the storage of materials to support exhibitions, research, and public access. Reduces the G/MU fund obligation and will not have a service impact.
- Decreasing funding – reduction of non-essential discretionary spending for the Arts Stabilization program, will have a minimal impact to services provided under this program.

Preserving Core Services & Advancing Council Priorities

Preserving Core Services:

- Arts and cultural/creative economy grantmaking, including the cultural arts awards, remains intact. Entertainment permitting (and related reforms) will also continue and core history activities are preserved.

Advancing Priorities:

- Entertainment Rebate programs (attract activity in our facilities and filming in the city)
- Entertainment Permitting streamlining (make it easier for events, venues and filmmakers to do business)
- Access to Capital for creative economy (widen the pool of supporters for creative activity)
- Cultural districts and creative space (influence corridor vibrancy and enhance destination experience)
- History planning (elevate history as a part of the destination experience)
- Old Sacramento Waterfront physical and experiential changes (strengthen the district experience)

Questions & Comments



City of
SACRAMENTO

A dark blue silhouette of a city skyline is positioned horizontally across the middle of the page. On the right side of the skyline, a bridge with two prominent towers is visible. The background is a solid dark blue color.

Department of Community Response

Department Mission & Services

Department Mission

Provide compassionate and individualized support to people experiencing homelessness with the goal of aiding them on their path toward recovery, wellness and self-sufficiency.

Services

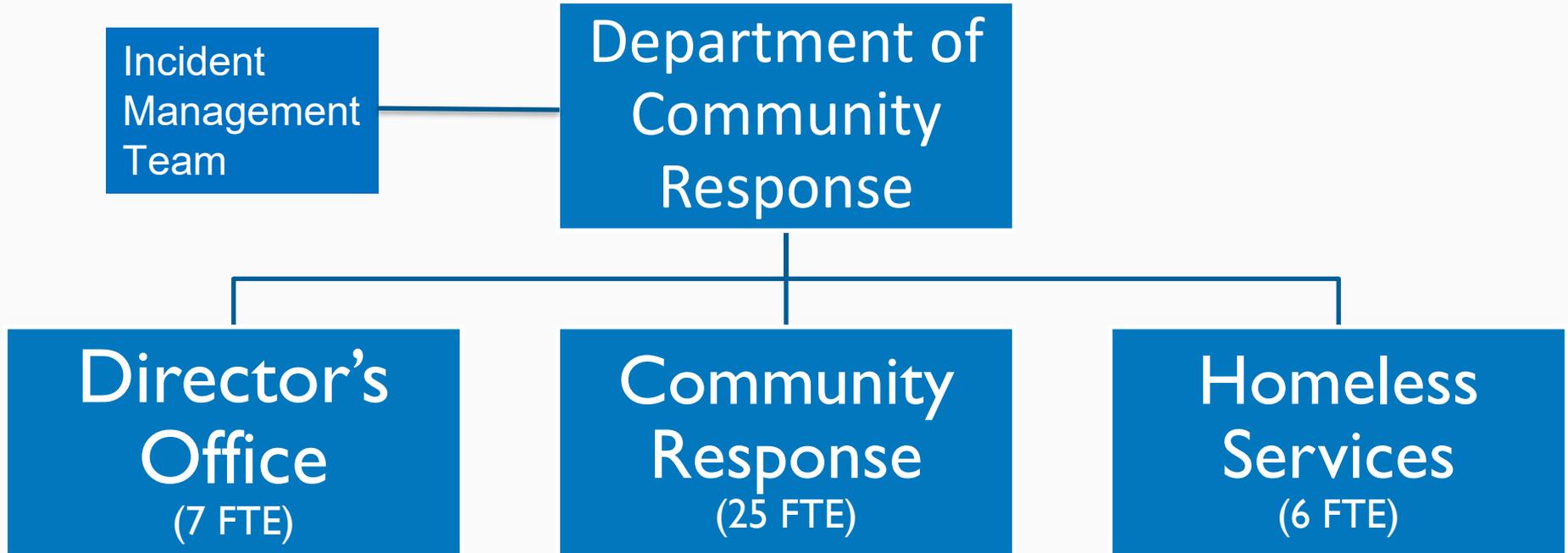
- Deploy teams of social workers and outreach specialists.
- Manage and monitor the City's emergency shelters and programs.
- Direct the City's multi-departmental Incident Management Team responding to homelessness.



"I love being the resource I once needed. When we deliver services with kindness and respect, people are more willing to engage, create a plan and move toward a brighter tomorrow."



Department Structure



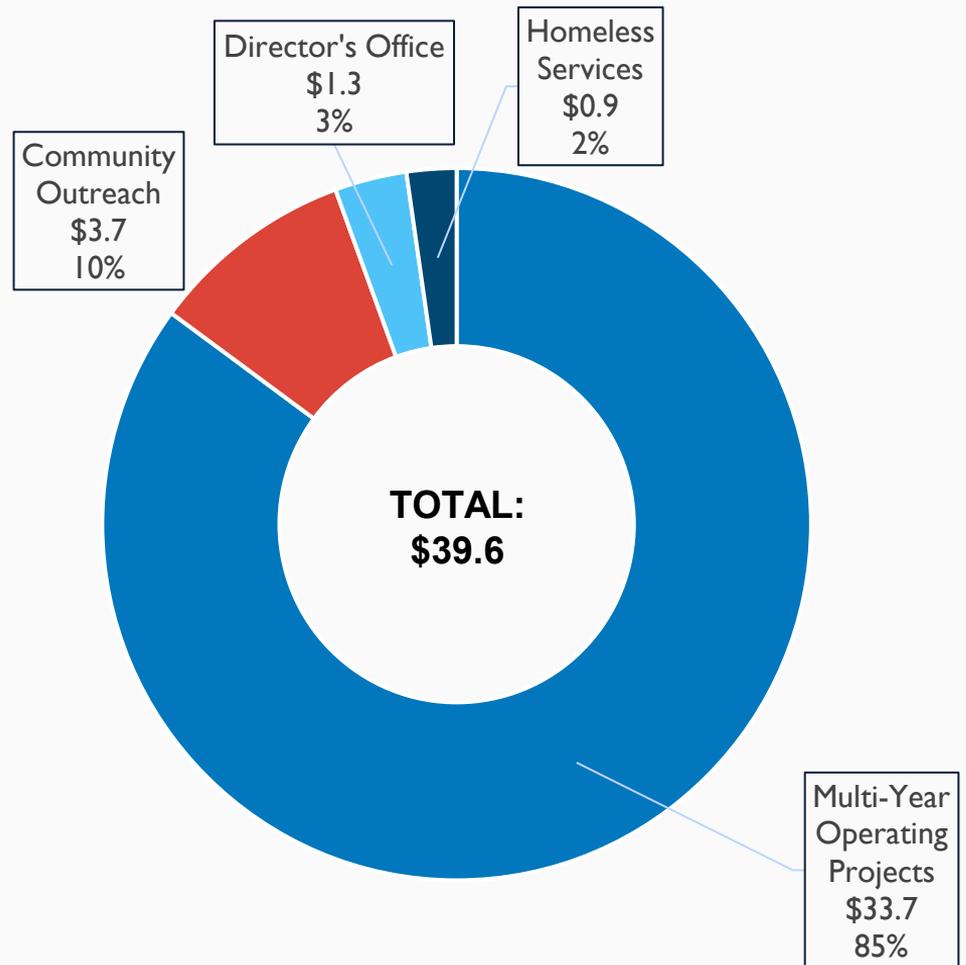
Total FTE: 38 General Funded, partially offset with HHAP and Opioid funds

Current Year Budget (\$ millions)

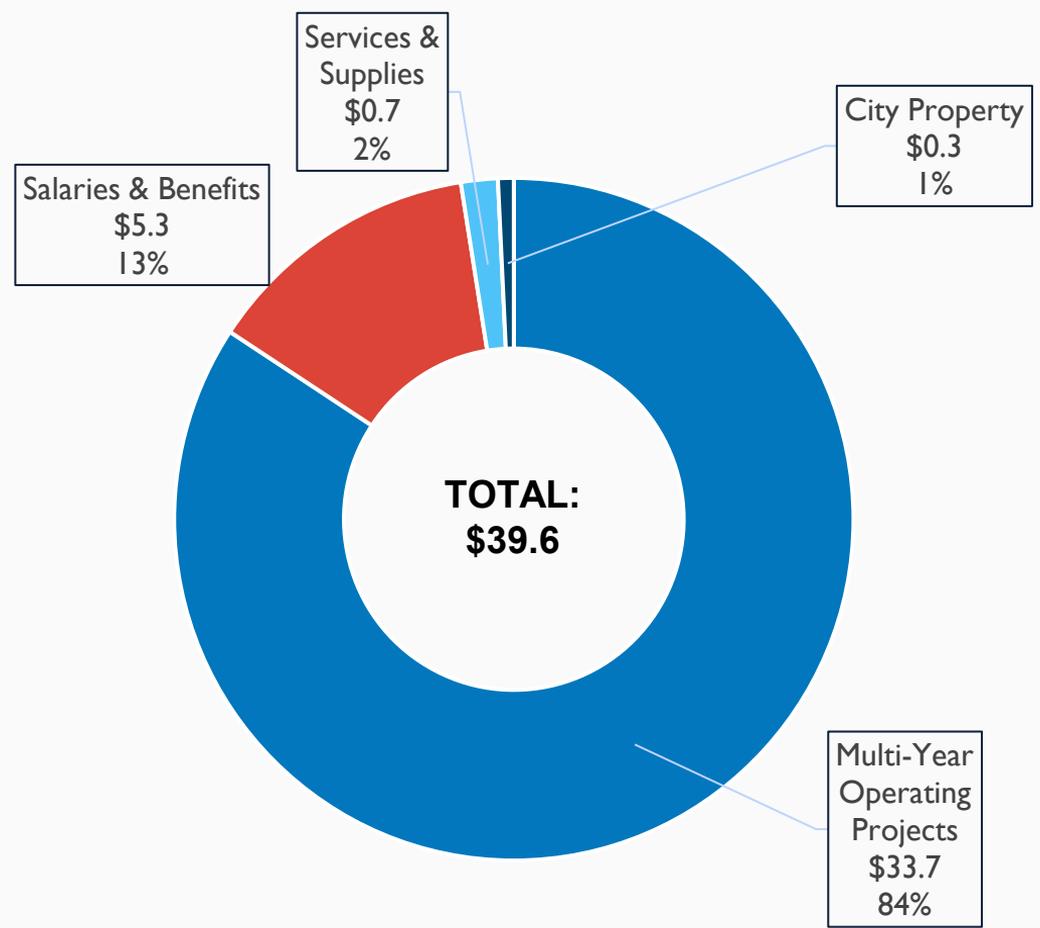
General Fund Budget	
Appropriations	\$54.1
Revenues (HHAP-6, Savings)	\$14.5
Net General Fund Cost	\$39.6
Full-Time Equivalent Positions	38.0

The Department of Community Response's total budget is \$54.1M, with the \$14.5M of Non-General Fund portion consisting of HHAP-6 and prior year savings.

General Fund Appropriation By Division (\$ millions)



General Fund Appropriation By Spending Category (\$ millions)



Offsets & Transfers: (\$0.4M)

15% Reduction Options Summary

Reduction Category	Savings Amount	Vacant FTE	Filled FTE	Total FTE
Revenue	\$36K	-	-	-
Level 1	-	-	-	-
Level 2	\$6M	-	-	-
Level 3	-	-	-	-
Level 4	-	-	-	-
Total	\$6M	-	-	-

15% Reduction plan does not include the operational efficiencies outlined in the next slides.

Budget Balancing Impacts

Revenue Increases

- New fee for Micro-Community Program
\$36,000

Expense Reductions

- City Motel Program- Shift to a voucher-based model focusing on unsheltered families.
\$3.2 million
- X Street Navigation Center- Caltrans lease to expire in FY27. Shift, restructure, or relocate operations.
\$2.8 million

Operational Efficiencies

- Contract renegotiations and service delivery remodeling savings. **\$3.8 million**

More sustained, better/cost effective solutions (Council Priority for Homelessness)

- New sites scheduled to open include:
 - **Safe Camping** serving 100 individuals in the river district (May 2026)
 - **Safe Parking** serving 40-80 individuals City-wide (Summer/Fall 2026)
 - **1st Micro-community site** serving 40 individuals 55 yrs and older on a fixed income (Jan 2027)
- **\$8.8M** Operational savings allowing for reinvestments in new strategies while maintaining existing capacity at a lower cost.
 - \$5M for the operations of Safe Camping, Safe Parking, and new Micro-community sites in FY27
 - \$3.8M reducing the FY 27 DCR budget need or over all City deficit
- **ERF grant funding** added 135 new tiny homes at Roseville Rd (35 more coming this summer).
- DCR is developing a CalAIM Community Supports Program for State CalAIM (**Medi-Cal**) **reimbursements** to partially offset costs for services provided by DCR and contracted shelter staff
 - DCR was awarded a CITED-IGT grant of \$168,070 to help fund this program

Questions & Comments



City of
SACRAMENTO

A dark blue silhouette of the Sacramento skyline, including various buildings and the Golden Gate Bridge, set against a lighter blue background.

Fire Department

Department Mission & Services

Department Mission

The Sacramento Fire Department protects the community through effective, innovative public safety services, guided by honor, respect, courage, integrity, and devotion to duty.

Services

It responds to fires, medical emergencies, hazardous materials incidents, technical rescues, and water rescues to keep the Sacramento community safe. Through the Office of Emergency Management, the department also coordinates disaster preparedness, mitigation, response and recovery efforts citywide.

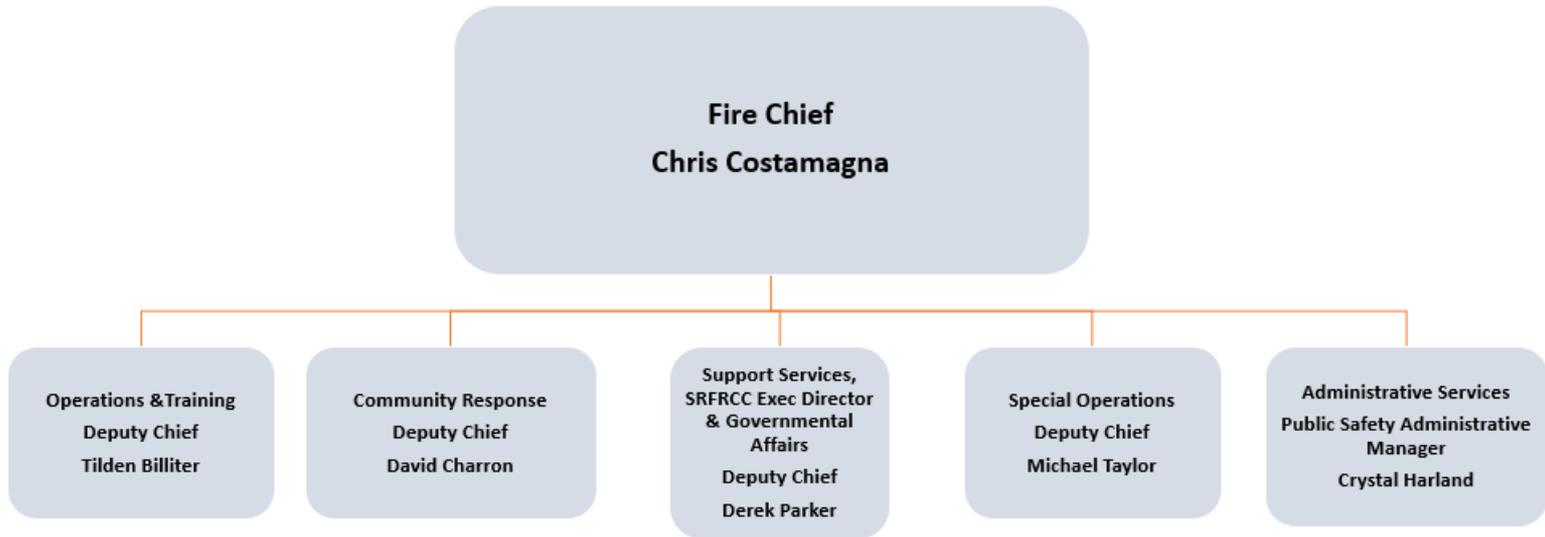


Department Structure

City of
SACRAMENTO
Fire Department



43



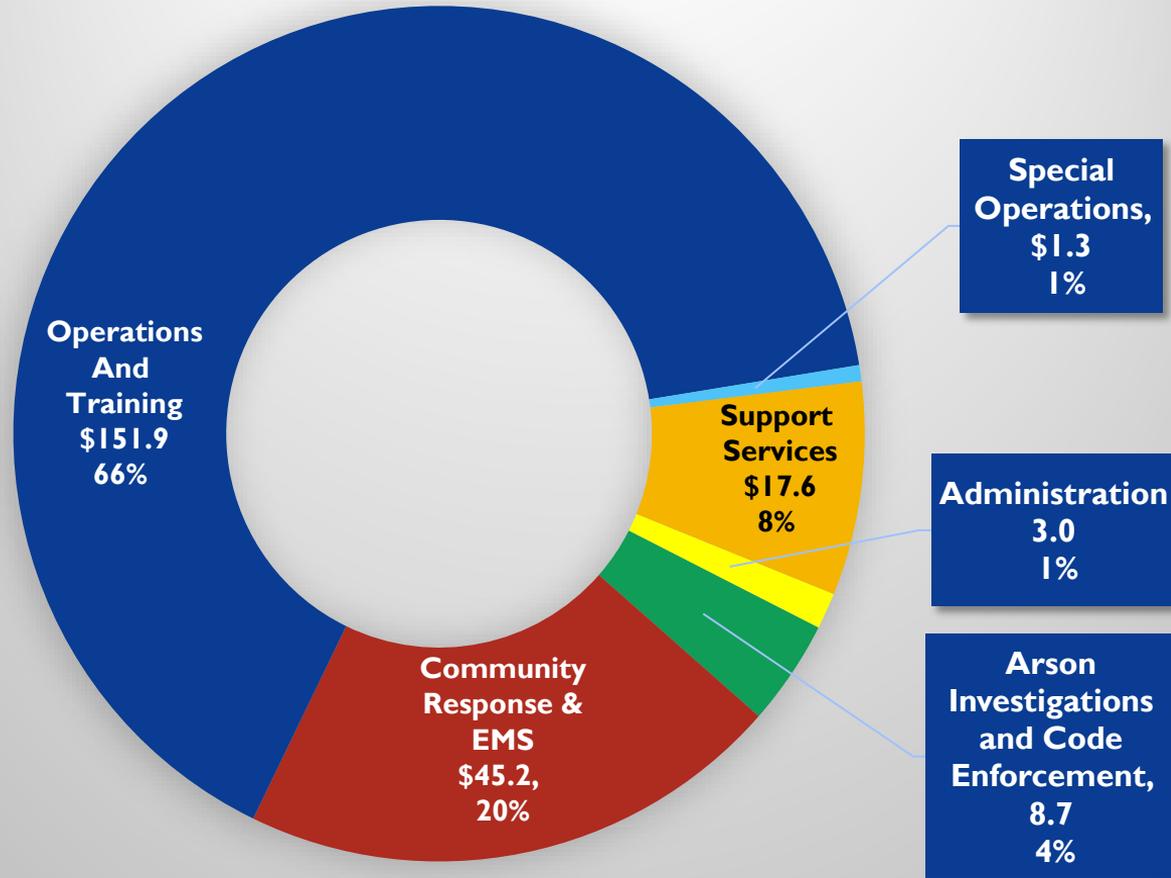
Total FTE: 767.5 (685 Sworn/80.5 Professional Staff)

Current Year Budget (\$ millions)

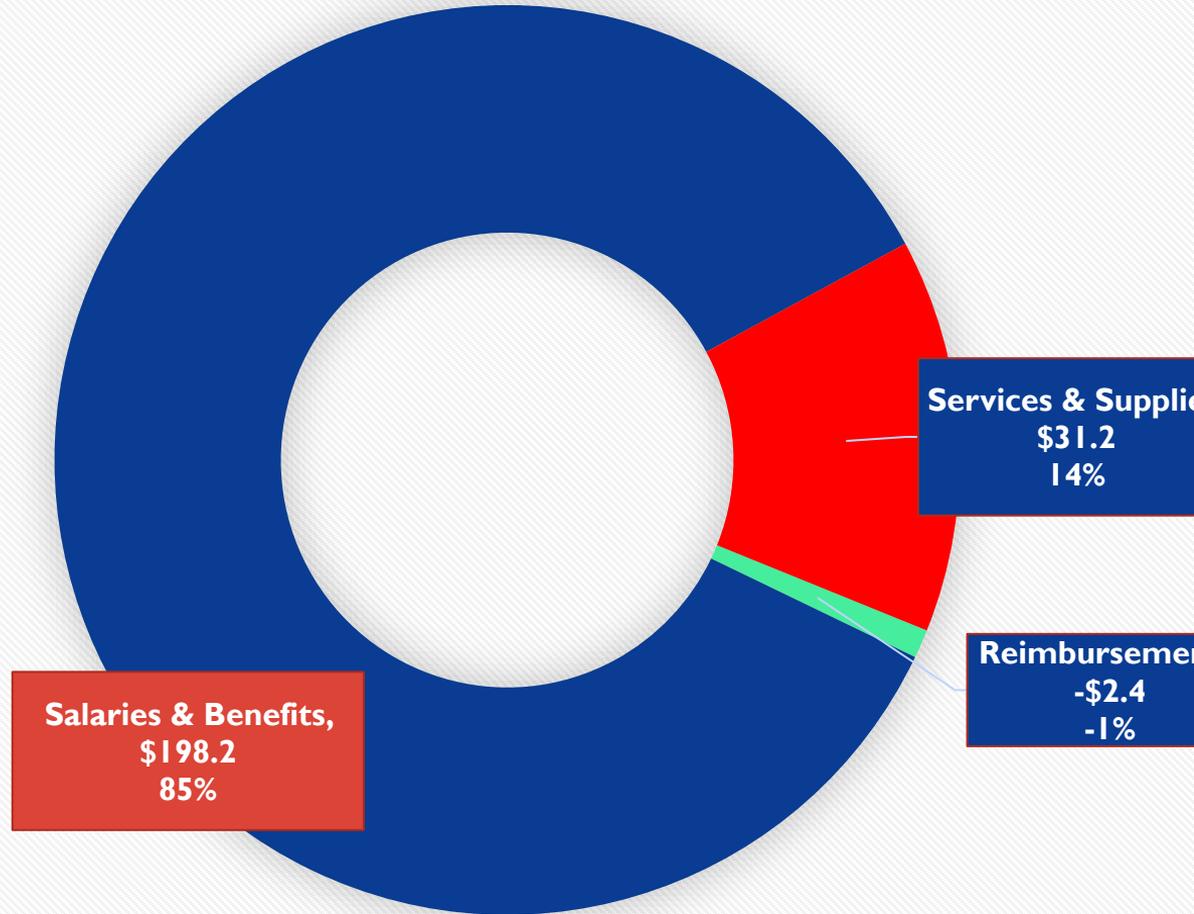
General/Measure U Fund Budget	
Appropriations	\$227.8
Revenues	\$72.7
Net General Fund/Measure U Cost	\$155.1
Full-Time Equivalent Positions	767.5

The Fire Department's total budget is \$155.1M.

General/Measure U Fund Appropriation By Division (\$ millions)



General/Measure U
Fund Appropriation
By Spending
Category
(\$ millions)



15% Reduction Options Summary (\$ millions)

Reduction Category	Savings Amount	Vacant FTE	Filled FTE	Total FTE
Revenue	\$9.4	-	-	-
Level 1	\$3.6	(8.0)*	-	(8.0)*
Level 2	\$0.3	-	1.0	1.0
Level 3	-	-	-	-
Level 4	\$10.3	32.0	23.0	55.0
Total	\$23.5	24.0	24.0	48.0

*Single role implementation results in more net positions at a lower total cost.

Budget Balancing Impacts

Revenue Increases (\$9.8M)

- Aligning budget with projections for the following revenue sources (no changes in fee or charge amounts):
 - Fire District Reimbursements
 - Emergency Medical Services – Advanced Life Support
 - Emergency Medical Services – IGT Program
 - Fire Prevention

Single Role Implementation (\$3.6M)

- Continued implementation of Single Role program to allow dispatching of emergency services without having to send fire suppression teams.

Budget Balancing Impacts

Staffing Realignment (\$0.3M)

- The Diversity, Outreach, and Recruitment will be realigned to allow for minimal impact to the program while maintaining the mission, but a vacant position would be eliminated.

Service Reductions (\$5.3M)

- Elimination of vacant positions and implementation of dynamic staffing which may result in longer response times, reduced operational capacity, increased risk of injury on duty, and diminished community outreach. However, no sworn Fire personnel would be separated from the City.

Our mission is clear: **protecting life, property, and the wellbeing of our community must remain our highest priority.** As we navigate fiscal challenges, preserving core fire and EMS services is essential to maintaining rapid emergency response, firefighter safety, and community trust.

Every decision we make must reinforce our ability to deliver effective, and reliable public safety services. By safeguarding frontline operations, we protect not only our residents today but the long-term resilience of our city.

Together, we will continue advancing the City's priorities while maintaining the core services the community depends on every single day.

Questions & Comments



City of
SACRAMENTO



POLICE DEPARTMENT

Department Mission & Services

Department Mission

To work in partnership with the Community to protect life and property, solve neighborhood problems, and enhance the quality of life in our City.

Services

- Frontline Policing and Specialized Response
- Criminal Investigations and Evidence Management
- Emergency Communications and Records Management
- Policy, Compliance, and Transparency
- Data-Driven Crime Reduction and Prevention
- Community Trust and Public Safety Partnerships

Department Structure

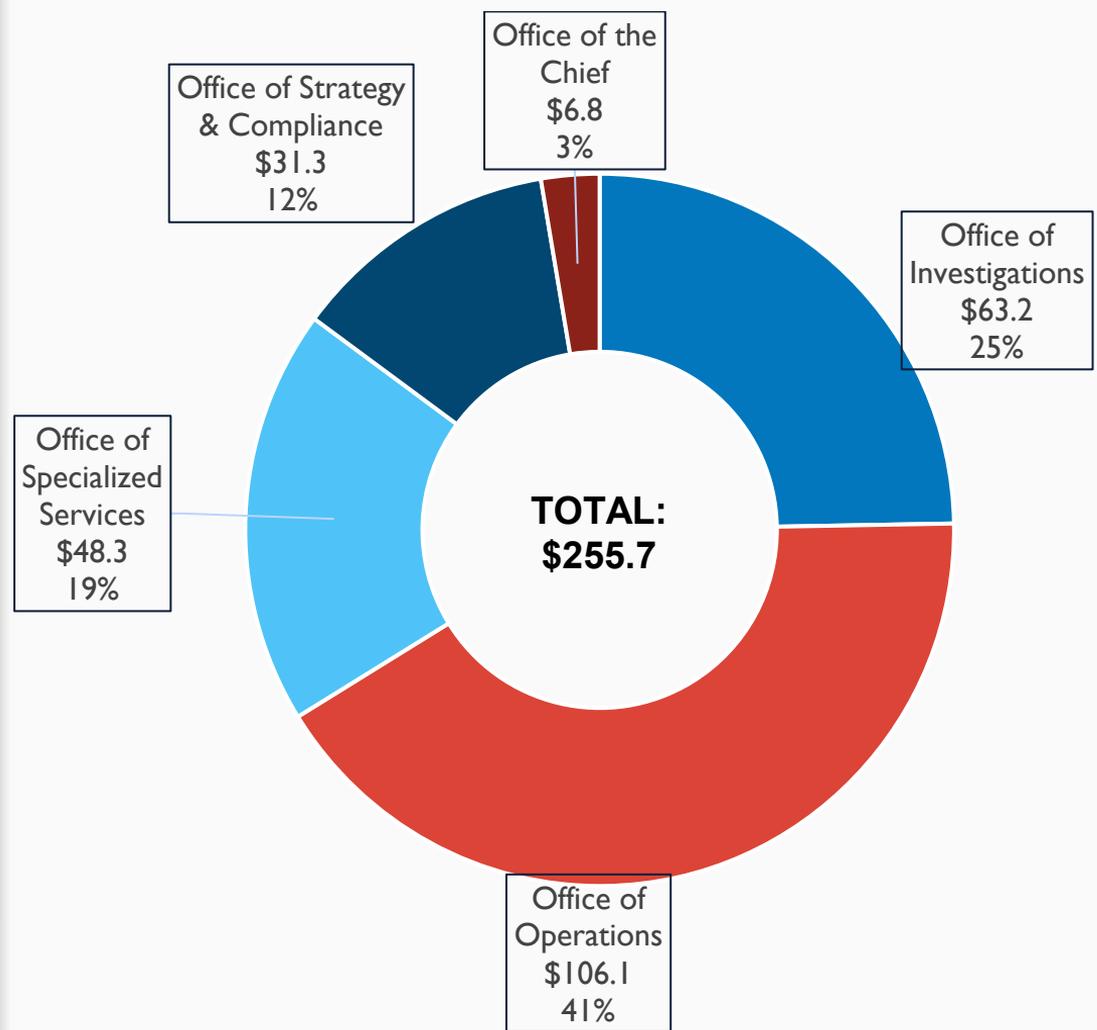


Total FTE: 1,092.5
= 733.0 sworn + 359.5 professional staff

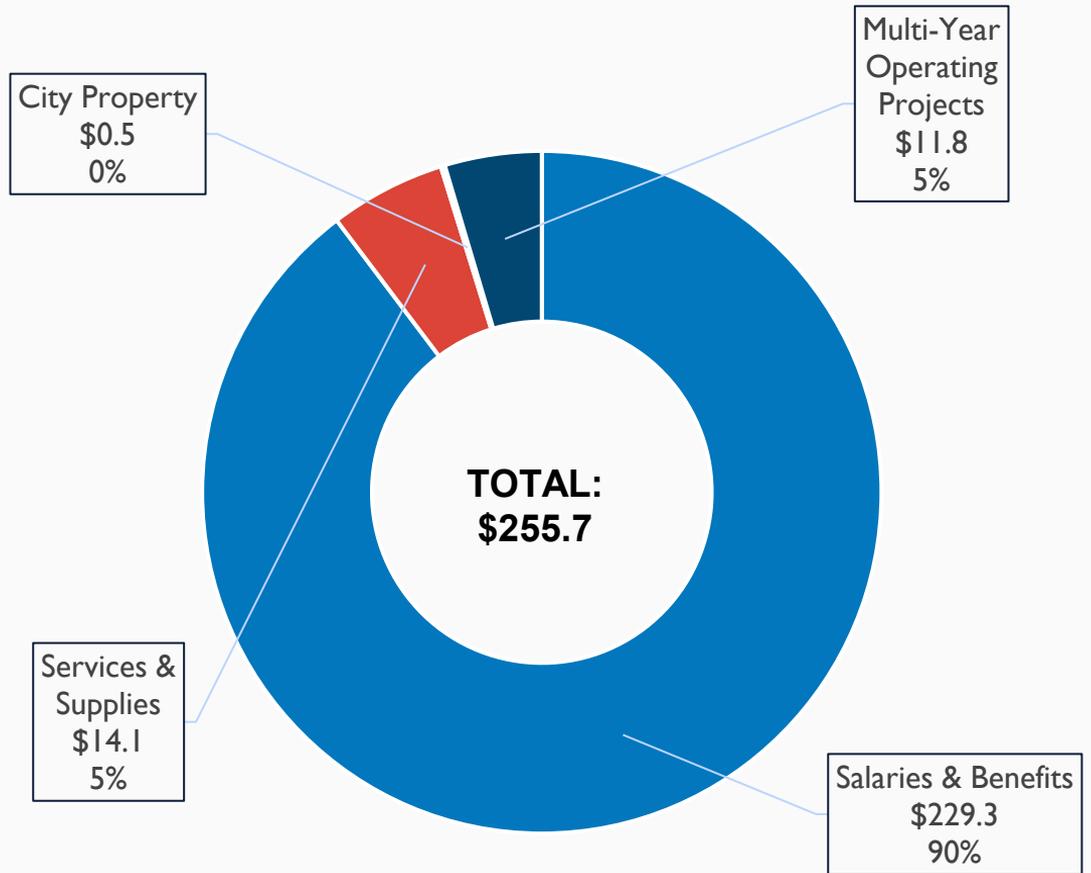
Current Year Budget (\$ millions)

General Fund Budget	
Appropriations	\$255.7
Revenues	\$9.2
Net General Fund Cost	\$246.5
Full-Time Equivalent Positions	1,092.5

General Fund Appropriation By Division (\$ millions)



General Fund Appropriation By Spending Category (\$ millions)



Offsets & Transfers: (\$4,800,000)

15% Reduction Options Summary

Reduction Category	Savings Amount	Vacant FTE As of 1/16/26	Filled FTE As of 1/16/26	Total FTE
Revenue	(\$120,000)	-	-	-
Level 1	(\$837,000)	-	-	-
Level 2	(\$2,200,000)	6.0	7.0	13.0
Level 3	(\$6,350,000)	17.0	15.0	32.0
Level 4	(\$27,400,000)	43.0	107.0	150.0
Total	(\$36,907,000)	66.0	129.0	195.0

Budget Balancing Impacts

Revenue Increases (\$0.1M)

- State reimbursement for sexual assault exams

Cost Shift (\$1.8M)

- State Violence Prevention grant
- Violence Prevention MYOP

Budget Balancing Impacts

Specialized Unit Reductions & Reorganizations (\$4.6)

- Administrative Services
- Records Division
- Hiring Pipeline
- Recruiting
- Advanced Officer Training
- Background Investigations
- Force Investigations Team
- K9 Unit
- Forensics Unit
- Crime Analysis Unit
- Policy Team
- Communications
- Community Support Services

Budget Balancing Impacts

Specialized Unit Elimination and Other Reductions (\$2.6M)

- Mounted Unit
- Magnet Academy
- Shot Spotter (South & East)
- SpidrTech

Budget Balancing Impacts - Staffing

This baseline plan would result in **no sworn officers** from being separated from the City. Overall, the position impacts are:

- Elimination of 62 FTE- 40 Sworn, 22 Professional Staff
 - 47 vacancies
 - 15 filled sworn positions being impacted

Preserving Core Services & Advancing Council Priorities

- **Operational Readiness**

Maintain readiness for daily needs and emergencies by investing in technology, training, and strategic resource allocation.

- **Crime Reduction**

Use data-driven strategies and strong community partnerships to prevent crime, address trends, and keep neighborhoods safe.

- **Employee Investment**

Support officers and staff with professional development, career growth, and wellness programs to foster a positive, resilient workforce.

- **Quality Police Service**

Build positive relationships with the community to meet the needs of a diverse population and continue to uphold high standards of conduct while delivering great service to our community.

- **Strategic Governance**

Develop data driven strategies and make informed decisions to drive positive outcomes while fostering a culture of innovation to adapt to evolving challenges.

Questions & Comments

