

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 with cross-hatch patterns, resembling the Transamerica Pyramid and the Sacramento Tower.

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.



Baseline Budget Balancing Plan

This is staff's budget baseline balancing plan and only uses a portion of the 15% reduction strategies submitted by departments. **Departments will explain the service impacts of the strategies chosen for the baseline plan in their presentations.**

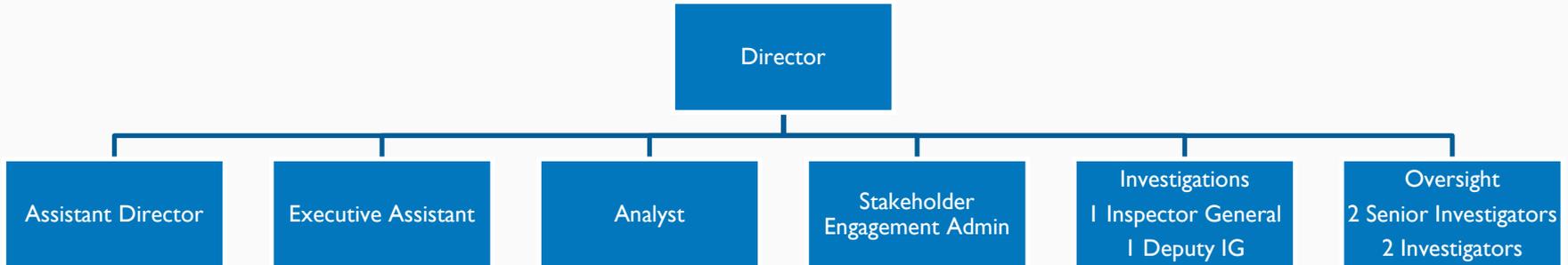
Strategy	Savings
Interest on Treasury Pool	\$3.5
Debt Refunding	\$1.4
Debt Service Funding Shift	\$1.2
Citywide Strategies / Project Fund Reallocations	\$11.4
Homelessness Services Contract Efficiencies	\$3.8
Hotel Voucher Program Shift	\$3.2
X St Shelter Partnership Savings	\$2.8
Fire Single Role Savings	\$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

Department Presentations



Office of Public Safety Accountability

Mission: To enhance relationships between the City of Sacramento's public safety employees and the community they protect and serve.



Total General Fund Budget - \$2.03M

Supports 11.0FTE

Baseline Reductions

Elimination of positions / staffing realignment:

- 1.0 vacant Assistant Director
- 1.0 vacant Executive Assistant

- 1.0 filled Investigator
- 1.0 filled Inspector General

Workload to be covered by remaining staff.

City of
SACRAMENTO

A dark blue silhouette of the Sacramento skyline is positioned in the middle of the page. It features various building shapes and two prominent towers on the right side, resembling the Transamerica Pyramid. The background is a light blue gradient.

CITY ATTORNEY'S OFFICE

Department Mission & Services

Department Mission

The Sacramento City Attorney's Office strives to provide the highest quality legal services to the City of Sacramento.

Services

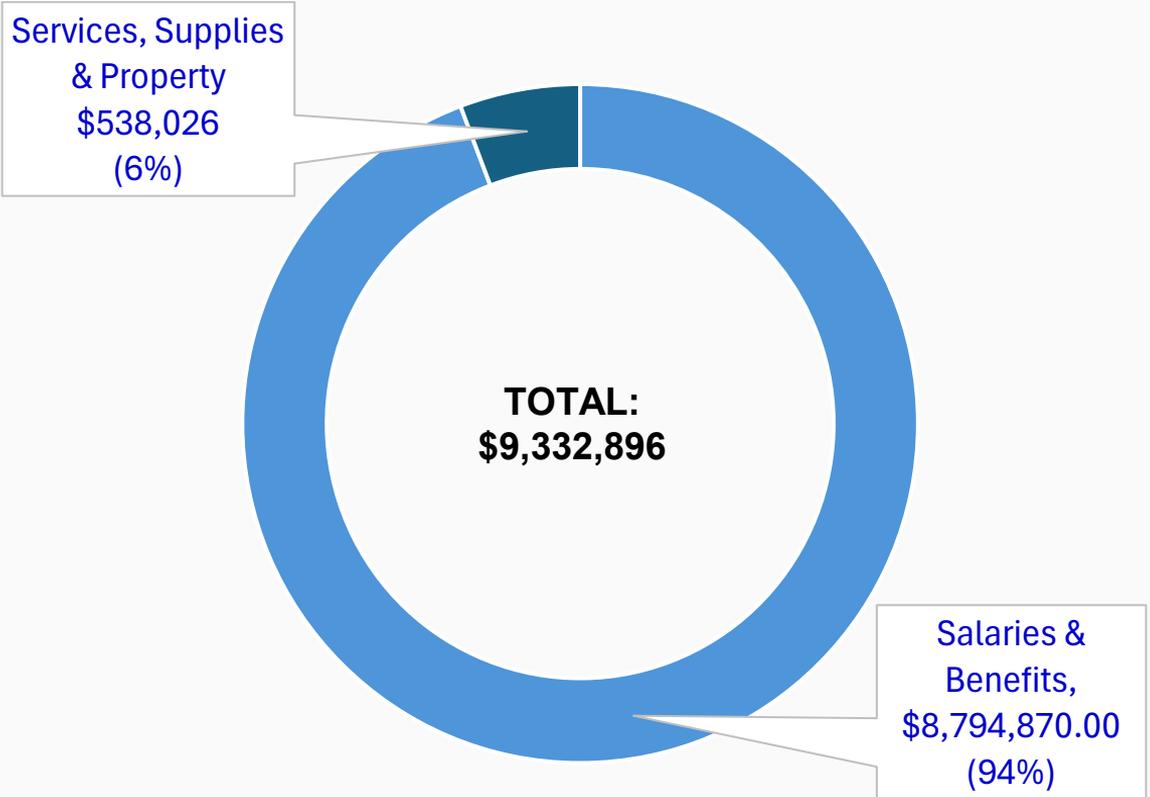
The City Attorney shall serve as legal counsel to the city government and all officers, departments, boards, commissions and agencies thereof and shall have such other powers and duties as may be prescribed by state law and by ordinance or resolution of the City Council. In situations where the City Attorney determines there is a conflict in representation by that office, the City Council may authorize the retention of other legal counsel to represent one of the conflicting parties.

Department Structure



Total FTE: 63 / Total General Fund FTE: 63

General Fund Appropriations By Spending Category (\$ millions)



Current Year Budget (\$ millions)

General Fund Budget	
Appropriations	\$15
Revenues	\$0
Net General Fund Cost	\$9.3
Full-Time Equivalent Positions	63

15% Reduction Options Summary

Reduction Category	Savings Amount	Vacant FTE	Filled FTE	Total FTE
Revenue	-	-	-	-
Level 1	-	-	-	-
Level 2	\$239,026	2	-	2
Level 3	-	-	-	-
Level 4	\$1,188,816	4	1	5
Total	\$1,427,842	6	1	7

Budget Balancing Impacts

Level 2 Reductions

- Deleting 2 paralegal positions in the CAPS Division reduces efficiency and timeliness of the CAO response to client departments, as document and record preparation is now performed by handling attorneys, taking time away from other matters.

Level 4 Reductions

- Downgrading and underfilling senior positions limits the CAO's ability to develop and retain newer attorneys in the office. It is always less expensive to retain existing personnel than to train new personnel.
- Deleting an Assistant City Attorney position for one year undermines efficiency and succession planning efforts.

Budget Balancing Impacts

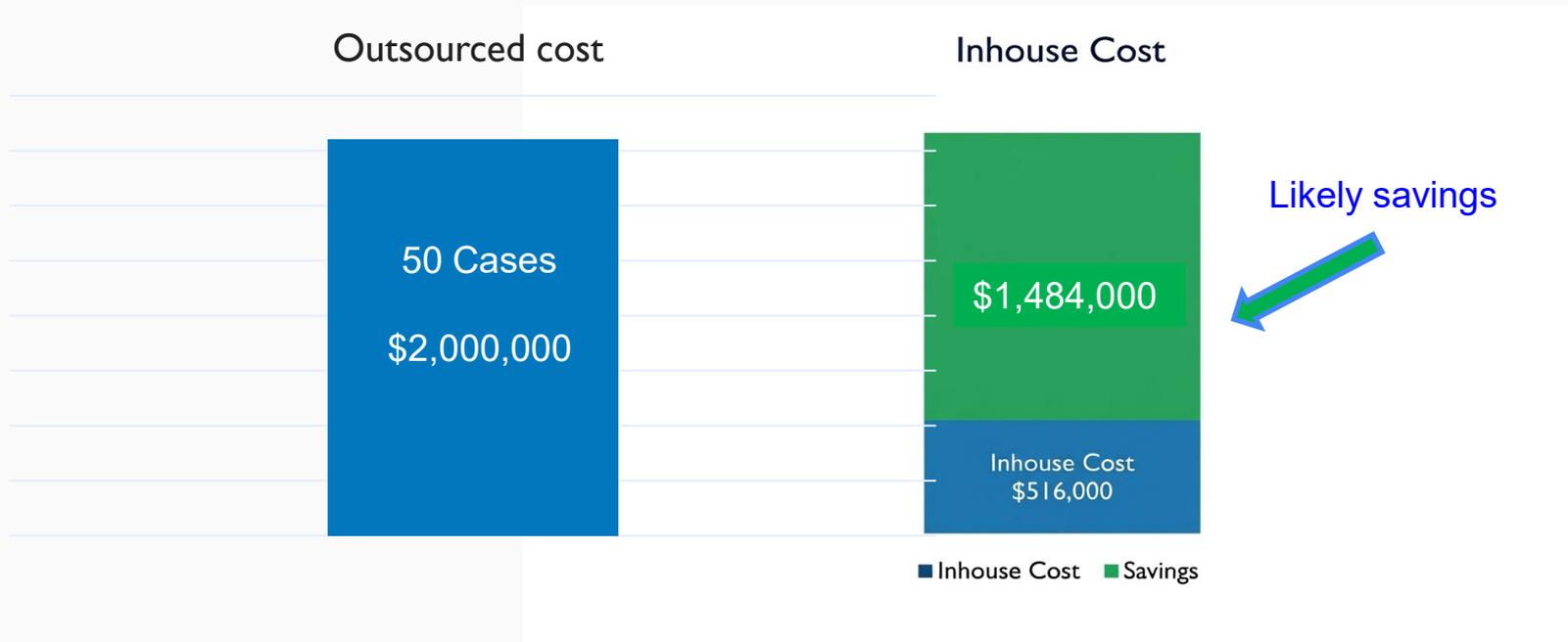
Level 4 Reductions, continued

Deleting two Senior DCA positions will critically impact the CAO's ability to deliver necessary services in a timely fashion and will represent a significant cost for outside litigation support as described below.

Litigation

- Need a fully staffed litigation unit to avoid the general fund cost of outside counsel, particularly on tort cases:
 - In 2024, 29 tort cases to outside counsel cost \$904,621.
 - In 2025, 26 tort cases to outside counsel cost \$1,044,118.
- The increasing number of lawsuits coupled with staffing losses and difficulty in hiring experienced litigation attorneys has resulted in 50 tort cases currently with outside counsel.
 - Based on the outside cost the last two years, two additional experienced litigators would bring all 50 cases in house and save the City upwards of \$1,500,000.

Likely Savings: Bring 50 Current Outsourced Cases Inhouse

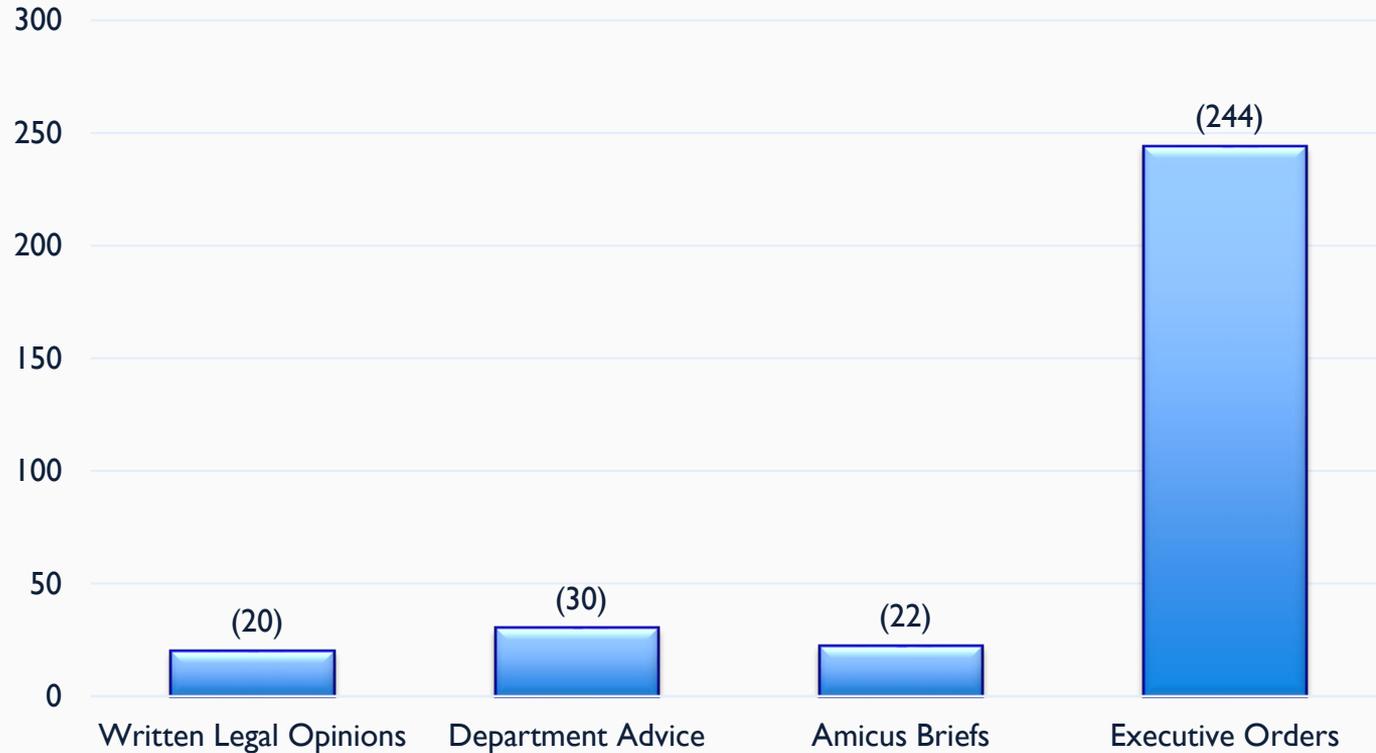


General Counsel & Advisory/Strategic Projects & Research

Reduction Impacts by Division

- Last fiscal year, 15 attorneys in the General Counsel and SPR Divisions handled 6,443 advisory assignments from every department and the mayor/council. (approx. 430 each)
- These teams also staffed 189 meetings of the City's various commissions and committees. (approx. 13 each)
- With that volume of work, the loss of even one deputy city attorney would have a dramatic impact on the workload of the remaining attorneys and result in delayed responses to requests for legal advice on critical projects and issues, including conflicts of interest, human resources, municipal bonds, water rights, contracts, business regulations, land use, CEQA, code enforcement, homelessness, and immigration.
- These advisory attorneys are involved in most (if not all) large projects the City undertakes, including the I Street Bridge, the Railyards, shared governance models regarding homelessness., the City's General Plan, and the housing element.
- Draft and review the following City legislation: Immigration Platform Resolution; Use of City Facilities/Property; SPD Response to Immigration Incidents; Immigration and City Data; Immigration-related protests and First Amendment; Law Enforcement Prohibition on Mask Wearing; City Emergency Response Plan

Immigration and other work related to the current Federal Administration



Community Advocacy and Public Safety

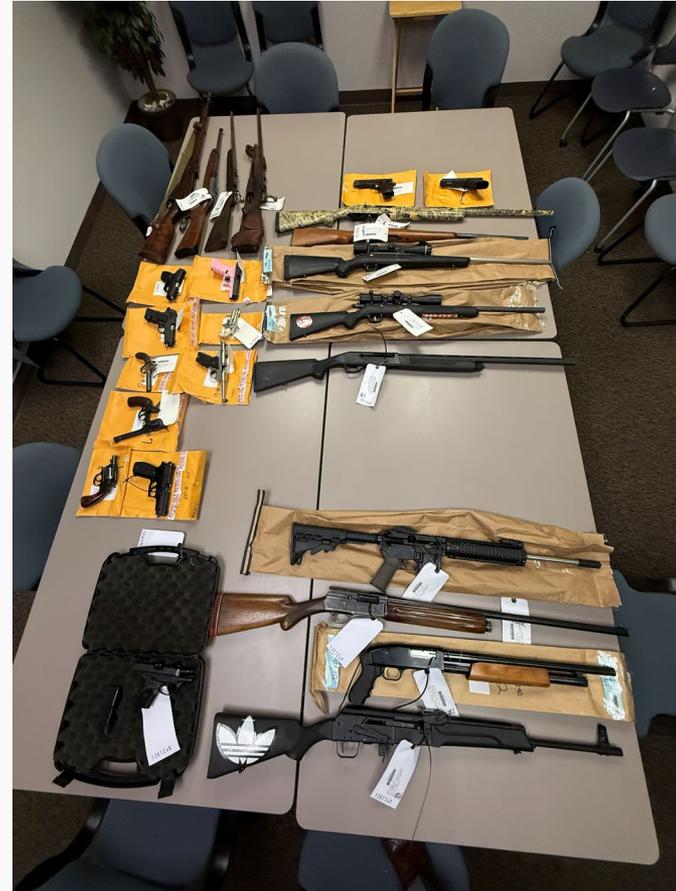
Reduction Impacts by Division

- The Justice For Neighbors team is a proactive tool for community revitalization. Addressing blight and identifying homes that may avoid destruction and allow them to remain in the housing market.
- CARE Court efforts are developing and we anticipate expanding the program to potentially save the City millions of dollars in identifying homeless individuals that would benefit from medical intervention rather than frequently using SPD and SFD resources.
- CAPS attorneys must be aggressive in other areas that contribute to the safety and livability of Sacramento communities:
 - Gun Violence Restraining Orders
 - Tenant Protection and Rental Housing Inspection Programs
 - Business compliance such as tobacco, cannabis, and mobile food vending.

Public Safety Value

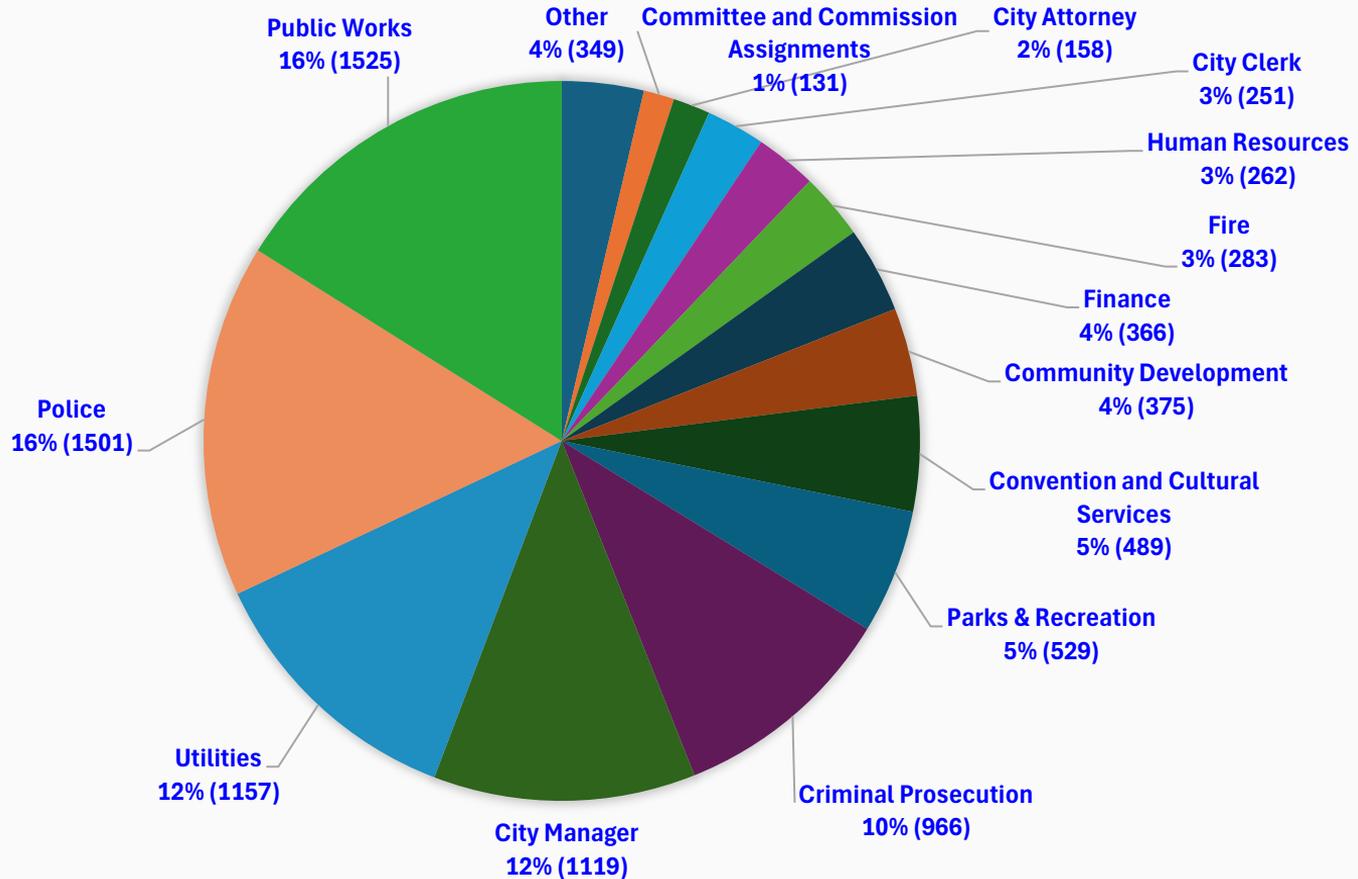
CAO has successfully obtained 72 GVROs orders (taking dangerous guns off the street) since SPD's request for assistance in Sacramento Superior Court:

- 2025: 64 Confiscated firearms;
- 2026-present: 8 Confiscated firearms;
- 2025-present: 56 confiscated Magazines



2025 CAO Legal Assignments by Department

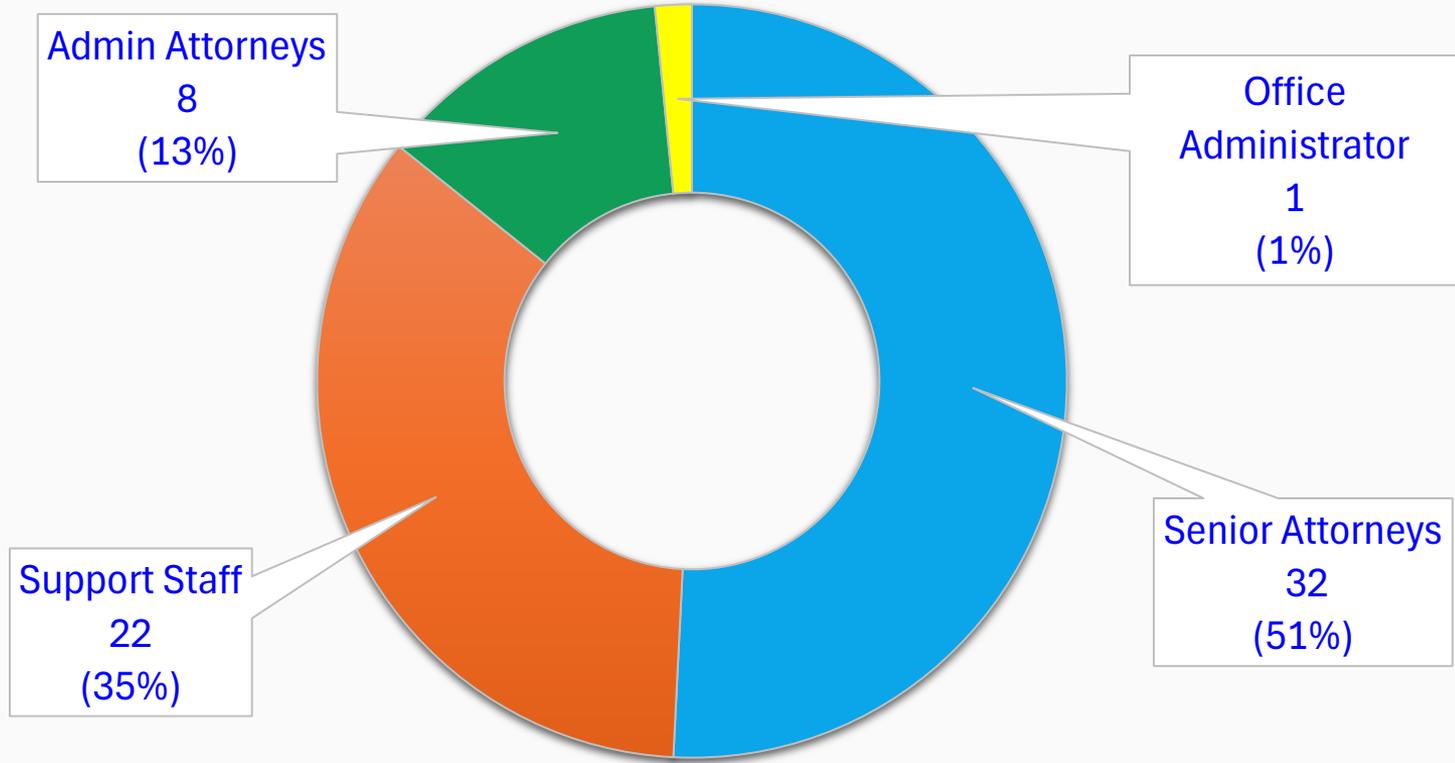
Total: 9461



Reduction Option #1: \$1.4 million in Expense Reductions



Maintain Current Level of CAO Budget and Staffing



CAO Priorities & Goals

- **Modernize Through Artificial Intelligence:** Implement secure AI tools to streamline legal research, contract review, litigation analytics, and workflow automation—improving turnaround times and operational efficiency;
- **Expand In-House Litigation:** Reduce reliance on outside counsel by strengthening internal trial capacity and subject-matter expertise to control costs and preserve institutional knowledge;
- Recruit & Retain Top Talent:** Attract high-performing municipal attorneys and develop leadership pipelines through mentorship, training, and succession planning.
- Reduce Citywide Legal Risk & Costs:** Partner proactively with departments to prevent claims, improve compliance, strengthen contracts, and reduce liability exposure.
- Increase Accountability & Performance Metrics:** Track measurable outcomes including outside counsel savings, litigation success rates, and service-delivery timelines.

Questions & Comments



City of
SACRAMENTO



Office of the City Auditor

City of
SACRAMENTO
Office of the City Auditor

Department Mission & Services

Department Mission

Provide a catalyst for improvements of municipal operations, promote credible, efficient, effective, equitable, fair, focused, transparent, and a fully accountable City Government.

Services

Improve City Services

Mitigate Improper Government Activities

Address Inequities

Evaluate Internal controls



Total FTE: 10

Current Year Budget

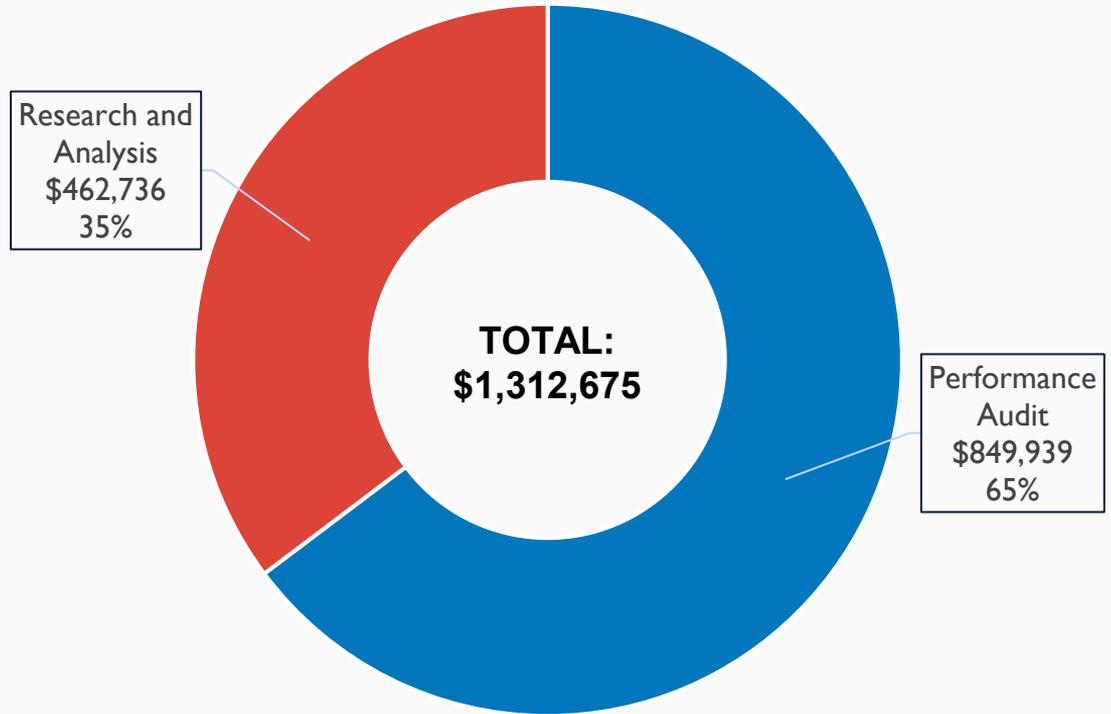
General Fund Budget	
Appropriations	\$1,312,675
Revenues	\$0
Net General Fund Cost	\$1,312,675
Full-Time Equivalent Positions	10*

*2 FTEs are funded by other funds

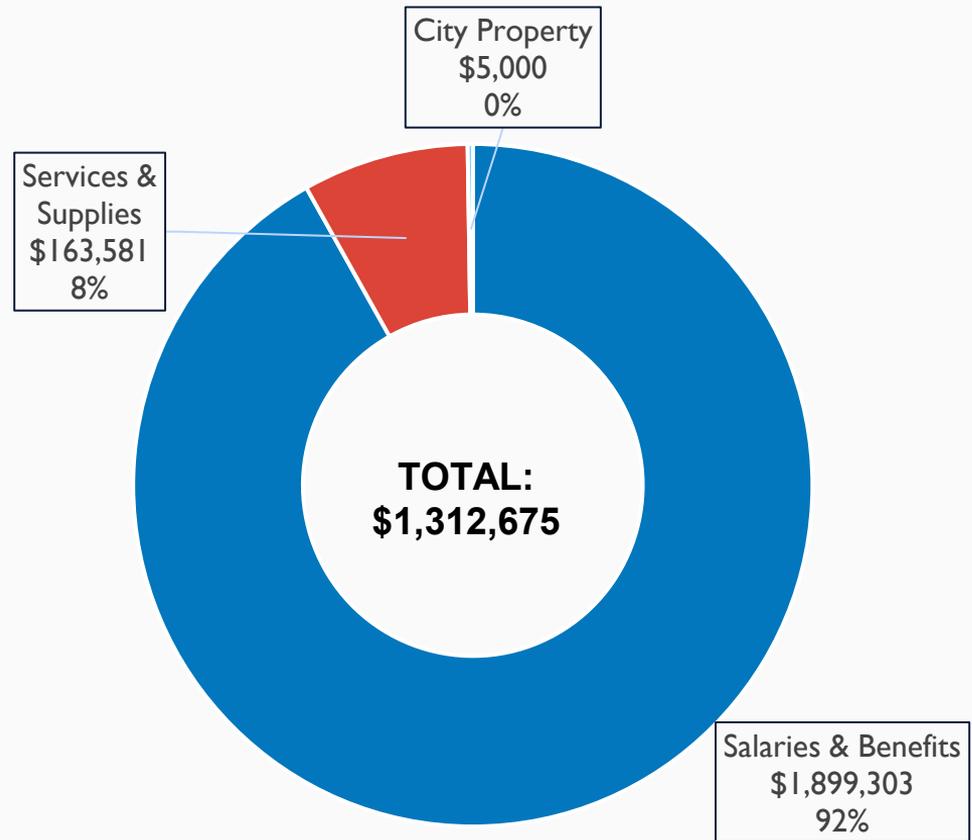
Other Funds Budget**	
Appropriations	\$755,209
Revenues	\$0
Net Use of / (Contribution to) Fund Balance	\$755,209
Full-Time Equivalent Positions	0

**Other funds primarily include Interdepartmental Service Funds and Utilities Funds

General Fund Appropriation By Division



General Fund Appropriation By Spending Category



Offsets & Transfers: (\$755,209)

15% Reduction Options Summary

Reduction Category	Savings Amount	Vacant FTE	Filled FTE	Total FTE
Revenue	N/A	-	-	-
Level 1	\$34,000	-	-	-
Level 2	\$25,000	-	-	-
Level 3	-	-	-	-
Level 4	\$146,000	-	1.0	1.0
Total	\$205,000	-	1.0	1.0

Community & Service Impacts – Chosen Strategies

Revenue

- N/A

Level 1 Reductions

- Discontinue the Biennial National Community Survey

Level 2 Reductions

- Reduction in training and computer purchases

Level 3 Reductions

- N/A

Level 4 Reductions

- Delete one filled Senior Fiscal Policy Analyst position (layoff)

Services and Supplies Impacts

Total Services and Supplies Appropriations

- \$163,600

Proposed Cuts

- \$59,000 – 36% of appropriations

Increases in Software Program Costs

- Annual Missionmark Audit Software program cost increased from \$7,500 to \$20,000.
- Annual Cost of Whistleblower Hotline program has increased from \$13,000 in 2020 to \$24,000 in 2025.

Staffing Impacts

Total Office Staff

- 10 FTE

Proposed Cut – Senior Fiscal Policy Analyst

- 1 FTE – 10 Percent of all staff

Impact on Office

- Less audits completed
- More staff time spent on Charter-mandated work (Measure L, Whistleblower Hotline) and admin

Priorities & Goals

- 
- 1. Conduct high-quality audits that identify efficiencies, reduce risks, and improve services for the community.
 - 2. Fulfill Charter-mandated audit obligations related to the Sacramento Children's Fund.
 - 3. Conduct racial and gender diversity audits to support equitable and effective City operations.
 - 4. Operate the City's Whistleblower Hotline to ensure employees and community members have a safe, confidential way to report concerns.
 - 5. Prioritize audit work that offers the greatest value and reduces risk across City operations.
 - 6. Provide clear, accessible reporting that supports informed decision-making by the City Council and the public.

City of
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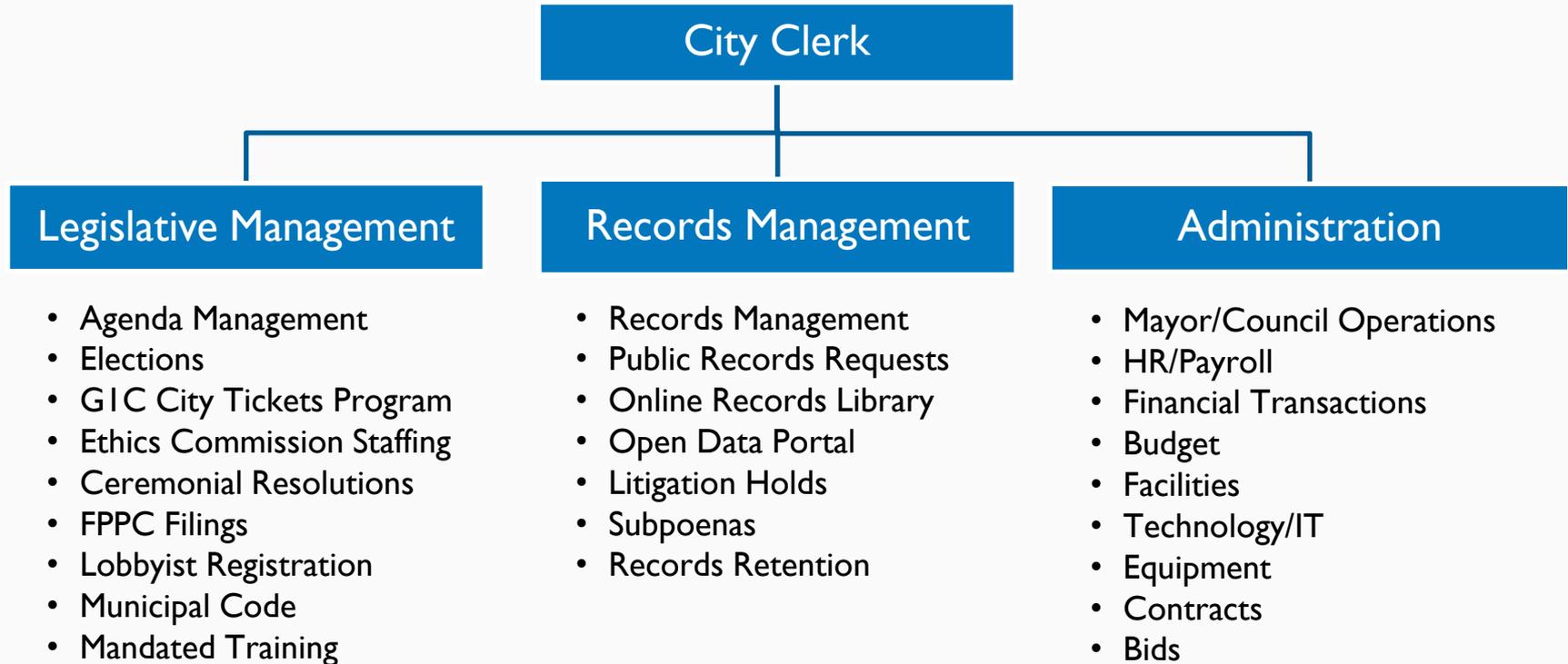
OFFICE OF THE CITY CLERK

Office of the City Clerk

City of Sacramento Charter § 71 City Clerk Mandates the Following:

The city council shall appoint a city clerk who shall have custody of and shall be responsible for the official seal and records of the city. The city clerk shall act as secretary of the city council and all other boards, commissions and agencies of the city. The city council shall prescribe the qualifications, additional duties and compensation of the city clerk. The city clerk shall appoint subject to the civil service provisions of this Charter, such deputies and employees as the council may by resolution prescribe.

Office of the City Clerk Structure



Current Year Budget

The Office of the City Clerk budget is \$4.1M, which is .25% of the general fund budget.
The office consists of 23 FTE (Active: 20, 4/6 Hire: 1).

General Fund Budget	
Clerk (Legislative Management/Records Management)	\$ 3.9 M
Mayor/Council Operations (Administration)	\$ 90,000
Ethics and Compliance (Ethics Commission)	\$ 189,000
Total	\$ 4.1 M

Proposed Cuts: \$242,000, 6% of total budget.

Proposed Reductions

Staffing

- 1 FTE (Vacant) - Administration
- 1 FTE (Hold Vacant FY26) - Legislative
- 9% Reduction in Staffing

Discontinue \$60k Annual General Fund Contribution to Automation Fund

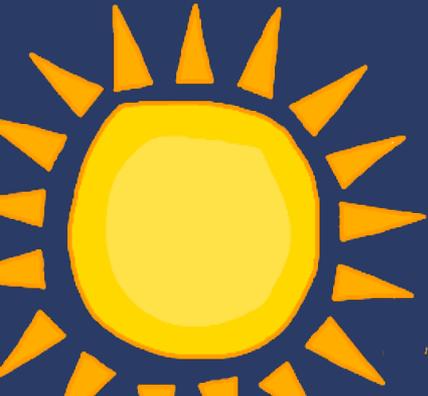
- Initiatives to Increase Transparency and Inclusion

Impact on Office

- Overtime
- Commission Meeting Staffing
- Ability to Utilize Emerging Technologies (Compliance/Efficiencies)

Initiatives to Increase Transparency and Inclusion

(Automation Fund)



City Council Remote Meeting Participation

Language Access

Mandated Training for Public Officials

Americans with Disabilities Act (ADA) Compliance

Utilizing Emerging Technology for Efficiencies

City of
SACRAMENTO



OFFICE OF THE CITY
TREASURER (CTO)

CTO Mission & Services

Department Mission

Responsible for the deposit and investment of all funds of the city treasury not made subject to the control of others pursuant to this Charter.

Services

Provide independent financial analysis and perspective, prudently manage city investments, Issue and manage public debt financings

Treasury: Serves as the central financial guardian and steward



Investments

- Portfolio Strategy
- Liquidity Management
- Risk & Compliance
- Performance Reporting

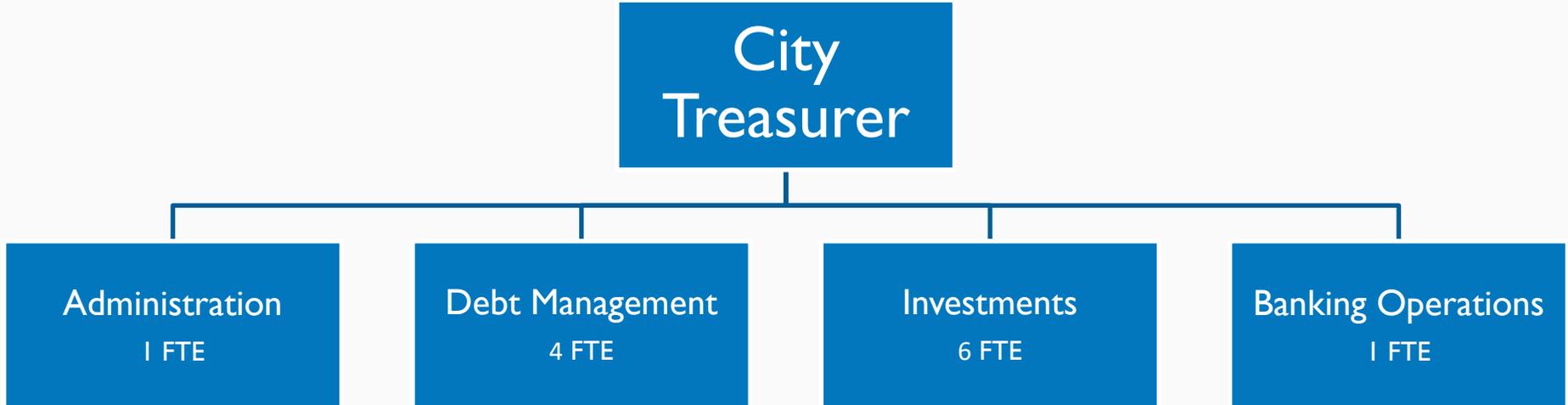
Banking Operations

- Bank Relationships
- Payment Operations
- PCI Compliance Administration
- Fraud Controls

Debt Management

- Modeling & Issuance of Debt
- Evaluate Refinancing Opportunities
- Safeguard Bond Credit Ratings
- Capital Planning / Feasibility Analysis

General Fund Budget: \$1.5 million



\$3.0M Department Budget

- \$1.5M General Fund
- \$1.5M Interdepartmental Service

Total General Fund FTE: 13 / Active FTE 9/ Recruitment 4

Current Year Budget (\$ millions)

General Fund Budget	
Appropriations	\$1.5
Revenues	\$5.4
Net General Fund Cost	\$(3.9)*
Full-Time Equivalent Positions	13

*Net positive Cashflow to GF

CTO GF Revenues - \$7.88M

- Pool A projected interest earnings based on an average pool balance of \$1.6B will result in increased revenues of \$3.5M.
 - An increase to the Treasury Pool recovery fee was approved by council; the first increase in 15 years. For FY 26-27 estimated revenue increases for Pool funds will be \$475k
 - Budgeted Net revenue: \$3.9M
-
- ❖ \$12 million unrealized loss credited back to GF due to proactive cashflow management.
 - ❖ In FY25/26 - Coordinated Visa/Mastercard interchange class action resulted in a \$146k settlement back to the city; additional Discover settlement in FY26/27 is not currently known

General Fund Savings - \$3.58M

- SCERS superior fund performance has eliminated the City's Employer Contribution requirement.
 - The previous 5 yrs contribution avg - \$1.28M/Annually; Zero GF contribution for FY 26-27.
- Eliminate citywide credit card merchant fees (estimated \$900k annually)
- Refunding of the 2015 Refunding Bonds (\$1.4M annually for FY27)

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

Upcoming Budget Schedule

2026 Budget Hearing Schedule¹

Legislative			
Date	Time	Body	Subject
Proposed Budget			
Tuesday, March 3, 2026	2:00 PM	City Council	Budget Context & Balancing Scenarios
Tuesday, March 10, 2026	2:00 PM	City Council	Department presentations
Tuesday, March 17, 2026	2:00 PM	City Council	Department presentations
Tuesday, March 24, 2026	2:00 PM	City Council	Department presentations
Week of April 28, 2026	TBD	n/a	FY2026/27 Budget Release
Tuesday, May 5, 2026	11:00 AM	Budget and Audit Committee	Fees & Charges
Tuesday, May 5, 2026	5:00 PM	City Council	(1) FY2026/27 Proposed Budget Overview and (2) Assistant City Manager presentations (Community Services, Internal Services, Municipal Services and Public Safety)
Tuesday, May 12, 2026	2:00 PM	City Council	(1) 2026-2031 Capital Improvement Program, (2) Citywide Fees and Charges (3) Budget Equity Lens
Tuesday, May 12, 2026	5:00 PM	City Council	FY2026/27 Proposed budget deliberations and Council direction
Tuesday, May 19, 2026	5:00 PM	City Council	HOLD
Tuesday, May 26, 2026	11:00 AM	Budget and Audit Committee	Adoption of the FY2026/27 Budget
Tuesday, June 9, 2026	5:00 PM	City Council	Adoption of the FY2026/27 Budget

¹Schedule is subject to change, refer to agendas at: http://sacramento.granicus.com/ViewPublisher.php?view_id=21

Questions & Comments

