

Meeting Date: 3/12/2013

Report Type: Staff/Discussion

Report ID: 2013-00217



Title: FY2012/13 Allocation of Measure U Resources

Location: Citywide

Issue: The recommended allocation of anticipated current year Measure U revenues reflects the February 12th Council direction and Council's adopted principles for the allocation of these resources.

Recommendation: Pass a Resolution approving the allocation of \$5 million in FY2012/13 Measure U Resources to restore critical program needs and to establish a reserve should revenues come in lower than anticipated.

Contact: Dawn Holm, Budget Manager (916) 808-5574; Leyne Milstein, Director (916) 808-8491, Finance Department

Presenter: Leyne Milstein, Finance Director (916) 808-8491

Department: Finance

Division: Budget Office

Dept ID: 06001411

Attachments:

1-Description/Analysis

2-Attachment 1-Reso 2013-0045

3-Attachment 2- Description of Measure U Restoration

4-Resolution

City Attorney Review

Approved as to Form

Grace Arupo

3/6/2013 10:38:24 AM

Approvals/Acknowledgements

Department Director or Designee: Leyne Milstein - 3/6/2013 9:12:10 AM



Description/Analysis

Issue Detail: Voter approval of the City of Sacramento Essential Services Protection Measure (Measure U) in November 2012 authorized an additional one-half cent transaction and use tax effective April 1, 2013. In FY2012/13 Measure U revenues are estimated at approximately \$5 million based on existing transaction volume and Board of Equalization sourcing rules with receipt of monthly revenues beginning in late June 2013.

On February 12, 2013 staff presented principles for the use of Measure U resources and proposed restorations for FY2012/13 as outlined in the following chart:

City Manager's (2/12/13) Proposed Measure U Restorations for FY2012/13	FTE *	Recommended Adjustments
Fire: SAFER Grant Buyback	-	358,000
Fire: January 2013 Brown Out Restoration (12 firefighters)	12.00	975,000
Police: Field & Operations (FY13 recruits & one-time costs)	-	1,500,000
Parks and Recreation: Aquatics (funding for 6 pools and 5 wading pools through 6/30/13)	-	250,000
Parks and Recreation: Maintenance and Capital Investment (fountains, picnic tables, irrigation)	-	850,000
General Services: Animal Control Officer (1.0 FTE)	1.00	30,000
Sacramento Public Library Authority: Restoration to Maintenance of Effort	-	506,000
FY2012/13 Expenditures and FTE	13.00	4,469,000
Measure U Reserve		531,000
FY2012/13 Measure U Revenues		5,000,000

**FTE restorations reflect the addition of full-time equivalent (FTE) positions; however, funding has been prorated to reflect anticipated costs in the current fiscal year (FY2012/13).*

The City Council adopted the principles for the use of these revenues (Resolution 2013-0045, Attachment 1) and directed staff to amend the proposed allocation to include the restoration of an additional fire company effective April 1, 2013 and to include the reestablishment of operations of three to five additional City swimming pools. The following chart reflects the additional restorations and associated costs as directed by Council at the February 12 meeting:

City Council (2/12/13) Measure U Restorations for FY2012/13	FTE*	Recommended Adjustments
Fire: SAFER Grant Buyback	-	358,000
Fire: January 2013 Brown Out Restoration (12 firefighters)	12.00	975,000
Fire: April 2013 Brown Out Restoration (6 firefighters, 3 engineers, and 3 captains)	12.00	435,000
Police: Field & Operations (FY13 recruits & one-time costs)	-	1,500,000
Parks and Recreation: Aquatics (funding for 6 pools and 5 wading pools through 6/30/13)	-	250,000
Parks and Recreation: Aquatics (funding for Southside, Tahoe, Glenn Hall, Oki and Mangan pools through 6/30/13 and 1.0 FTE plant operator)	1.00	188,000
Parks and Recreation: Maintenance and Capital Investment (fountains, picnic tables, irrigation)	-	850,000
General Services: Animal Control Officer (1.0 FTE)	1.00	30,000
Sacramento Public Library Authority: Restoration to Maintenance of Effort	-	506,000
FY2012/13 Expenditures and FTE	26.00	5,092,000
Measure U Reserve		(92,000)
FY2012/13 Measure U Revenues		5,000,000

*FTE restorations reflect the addition of full-time equivalent (FTE) positions; however, funding has been prorated to reflect anticipated costs in the current fiscal year (FY2012/13).

As reflected above the requested restorations will exceed the available resources and provide nothing in reserve in the event that revenues fall short of the estimated \$5 million.

In an effort to balance the City Council's direction to restore additional programs and services and the need to have a sustainable restoration plan the City Manager, Finance Department and Parks and Recreation staff have reviewed the aquatics program to determine options for restoring additional services. Based on this review (*detailed information is included in Attachment 2*) staff is recommending reopening only three additional pools (*Southside, Tahoe and Glenn Hall*) and reducing the one-time allocation to Parks and Recreation for capital investments. This proposal will maximize limited resources, reopen pools, while maintaining some level of reserve, consistent with Council's adopted policy on the allocation of these resources.

The following chart outlines the revised recommendation for Measure U restorations based on available funding and funding a reserve. These recommendations have been modified from the February 12 report to include the changes to aquatics as described above, the restoration of a fire company brown out on April 1, 2013, the elimination of the animal control officer and reductions in funding for park maintenance and capital investment.

Measure U Restorations for FY2012/13	FTE*	Recommended Adjustments
Fire: SAFER Grant Buyback	-	358,000
Fire: January 2013 Brown Out Restoration (12 firefighters)	12.00	975,000
Fire: April 2013 Brown Out Restoration (6 firefighters, 3 engineers, and 3 captains)	12.00	435,000
Police: Field & Operations (FY13 recruits & one-time costs)	-	1,500,000
Parks and Recreation: Aquatics (funding for 6 pools and 5 wading pools through 6/30/13)	-	250,000
Parks and Recreation: Aquatics (funding for Southside, Tahoe, and Glenn Hall pools through 6/30/13 and 1.0 FTE plant operator)	1.00	124,000
Parks and Recreation: Maintenance and Capital Investment (fountains, picnic tables, irrigation)	-	600,000
General Services: Animal Control Officer (1.0 FTE)	-	-
Sacramento Public Library Authority: Restoration to Maintenance of Effort	-	506,000
FY2012/13 Expenditures and FTE	25.00	4,748,000
Measure U Reserve		252,000
FY2012/13 Measure U Revenues		5,000,000

*FTE restorations reflect the addition of full-time equivalent (FTE) positions; however, funding has been prorated to reflect anticipated costs in the current fiscal year (FY2012/13).

The restorations included in the above chart are consistent with the principles for the use of Measure U resources and will begin to address critical program needs and establish a modest 5% reserve should revenues come in lower than anticipated. Detailed information on the restorations is included in Attachment 2.

Policy Considerations: After six consecutive years of reductions, the City continues the task of rightsizing the organization to achieve budget sustainability. The recommended Measure U restorations are consistent with the voter approved tax increase and the City Council adopted policies for the use of these funds.

Environmental Considerations:

California Environmental Quality Act (CEQA): CEQA review for any project, which utilizes funds approved by Council, has been or will be performed in conjunction with planning, design and approval of each specific project as appropriate.

Sustainability: There are no sustainability considerations applicable to the formation process and administration of a special district.

Commission/Committee Action: None

Rationale for Recommendation: The recommended Measure U restorations will restore and protect essential public safety services and other essential services as outlined in the measure approved by voters in November 2012. Additionally, the restorations are consistent with the Measure U Policies adopted by the City Council on February 12, 2013.

Financial Considerations: While the Measure U funds will provide the resources to protect vital services and begin to restore, on a limited basis, some programs and services, it is evident that our community's needs and priorities continue to eclipse available resources. To that end, recommendations for the use of Measure U resources must maximize the value of the investment. The revised allocation of funding recommended in this report begins the restoration of critical City services and the reinvestment in our community. The recommended restorations will use \$4.748 million of the anticipated \$5 million in revenues in FY2012/13. To achieve the restorations staff has reduced the planned reserve from 10% to 5% (\$252,000). Reserves will be held to assist should revenues come in less than anticipated.

Recommendations for the allocation of remaining Measure U revenues will be included in the FY2013/14 Proposed Budget which will be released by May 1, 2013. It should be understood that commitments of Measure U Funds for programs and staffing for the remainder of the current fiscal year will logically lead to commitments of funds for next fiscal year and succeeding fiscal years. The following chart reflects how FY2012/13 commitments lead to FY2013/14 commitments:

Measure U Commitments (\$ in 000's)	FY13	FY14
Fire Department		
SAFER Grant Buyback (27.0 FTE)	358	2,803
Restoration of January 2013 Scheduled Brown Out (4 person company)	975	1,380
Restoration of a Fire Company April 2013 (4 person company)	435	1,652
Parks and Recreation Department		
Aquatics - 6 pools and 5 wading pools	250	1,200
Aquatics - Southside, Tahoe, and Glenn Hall	96	249
Aquatics - Plant Operator (1.0 FTE)	28	112
Capital Investment (fountains, picnic tables, irrigation)	600	-
Police Department		
Field & Operations (FY13 recruits & one-time costs)	1,500	-
COPS' Universal Hiring Program (UHP) Retention (60 FTE, \$2.73 million in FY2013/14 and \$2.75 million for future year retention costs)	-	5,483
Sacramento Public Library		
Restore to City's Parcel Tax Maintenance of Effort (MOE) level (\$7.636 million)	506	506
Total Measure U Obligations	4,748	13,385
Reserve (5% in FY2012/13 and 10% in FY2013/14)	252	2,700
Available for FY2013/14 Restorations:		10,915
Total Measure U Revenues	5,000	27,000

Emerging Small Business Development (ESBD): Not applicable



RESOLUTION NO. 2013-0045

Adopted by the Sacramento City Council

February 12, 2013

APPROVING THE FY2013/14 BUDGET DEVELOPMENT PRINCIPLES, PRINCIPLES FOR THE USE OF MEASURE U RESOURCES, AND THE FY2012/13 ALLOCATION OF MEASURE U RESOURCES

BACKGROUND

- A. Budget Development principles have been adopted by the Council at the beginning of the annual budget process in order to establish the framework for developing and discussing the City's proposed budget for next fiscal year.
- B. Voter approval of the Essential Services Protection Measure (Measure U) in November 2012 authorized the implementation of an additional one-half cent transaction and use tax effective April 1, 2013, and the establishment of an Oversight Committee. In FY2012/13 Measure U revenues are estimated at approximately \$5 million based on existing transaction volume and Board of Equalization sourcing rules. Annual revenues beginning in FY2013/14 are estimated to be approximately \$27 million
- C. On January 15, 2013, draft principles for the use of Measure U resources were presented to City Council. The principles have been modified to reflect Council direction.
- D. Measure U resources are to be used for the restoration and protection of essential public safety and other essential City services.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1 The FY2013/14 Budget Development Principles as reflected below are approved:
- Focus reductions on achieving permanent savings in order to reduce future year deficits
 - FY2013/14 actions need to be considered within a multi-year context
 - New revenues will not be counted or spent until realized
 - One-time resources for one-time needs

- Invest to increase efficiency, yield future year savings, and/or address the City's deferred maintenance backlog
- The Economic Uncertainty Reserve should be increased gradually to achieve the Council's goal of having a reserve equal to 10 percent of the General Fund revenue budget

Section 2 The Measure U Principles as reflected below are approved:

1. Resources will be allocated to the protection and restoration of City programs/services specifically enumerated in the Measure U ballot question as follows:
 - a. essential public safety services including:
 - i. 9-1-1 response
 - ii. police officers
 - iii. gang/youth violence prevention
 - iv. fire protection/emergency medical response
 - b. other essential services including:
 - i. park maintenance
 - ii. youth/senior services
 - iii. libraries
2. Resources will not be allocated for new programs/services/facilities.
3. Restorations may not look/operate in the same manner as those that were eliminated in order to take advantage of effective and efficient means of program/service delivery wherever possible.
4. Resources will not be used to balance the base General Fund budget, except where funds would provide for the protection of programs/services specifically included in the Measure U ballot question as identified above.
5. Resources will not be used to increase employee compensation.
6. Resources will be set aside annually to be used for the following:
 - a. Contingency funding should revenues fall short of estimates
 - b. One-time funding for one-time expenses related to the delivery of the restored programs/services
 - c. Funding to transition programs and services in FY2019/20 when Measure U resources will no longer be available
7. The City Manager will prepare a transition plan to scale back the use of Measure U resources over time or identify alternate sources of funding for critical programs and services.
8. Resources will be accounted for and reported separately in order to facilitate review by the Council and the Oversight Committee established by the ballot measure.

Section 3 The Director of Finance is authorized to establish a separate fund to account for Measure U resources.

Adopted by the City of Sacramento City Council on February 12, 2013 by the following vote:

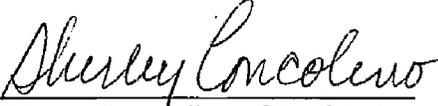
Ayes: Councilmembers Ashby, Cohn, D Fong, Hansen, McCarty, Pannell, Schenirer, Warren, and Mayor Johnson.

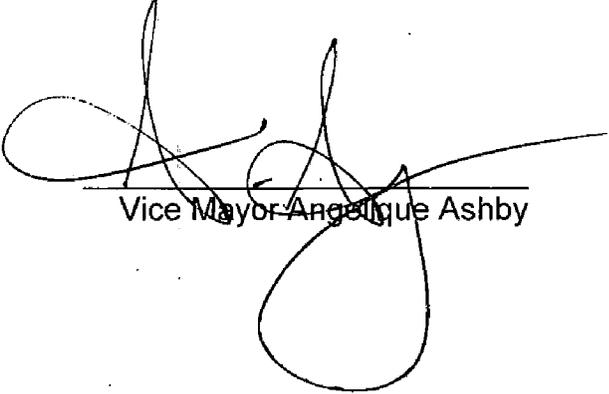
Noes: None.

Abstain: None.

Absent: None.

Attest:


Shirley Concolino
Shirley Concolino, City Clerk


Vice Mayor Angelique Ashby

Description of Measure U Restorations

FIRE DEPARTMENT

SAFER Grant Buyback

On June 7, 2011, the City Council authorized (Resolution 2011-332) the acceptance of \$5.8 million in Staffing for Adequate Fire and Emergency Response (SAFER) grant funds from the federal government. The two-year grant became available in early May 2011, providing funding for 27.0 positions to staff the City's fire apparatus for two years. The funding will run out in early May 2013 without an extension. While the Fire Department will be requesting an extension of this funding, we are recommending the allocation of \$358,000 in Measure U resources to cover the costs of the positions associated with the SAFER grant funds through the remainder of the fiscal year. Should an extension be approved, these funds will be returned to the Measure U reserve and proposed for future allocation.

January 2013, Prevention of a 4th Brown Out

The FY2012/13 Approved Budget included the addition of a fourth fire company rotating brown out scheduled to begin January 1, 2013. With the approval of Measure U in November 2012, the City Manager authorized the deferral of the scheduled brown out and is recommending the allocation of \$975,000 to cover the costs associated with keeping this company in service from January 1 through the remainder of the fiscal year.

April 2013, Brown Out Restoration

The Fire Department has been operating with brown outs since FY2009/10 (one in FY2009/10, *two in FY2010/11, three in FY2011/12 and three at the beginning of FY2012/13*) as a result of budget reductions. The elimination of fire companies has been managed by rotating fire company closures at two-company fire stations. The restoration of this fire company will cost approximately \$435,000 in FY2012/13 and creates an ongoing cost of \$1.7 million in FY2013/14 with use of 4-person companies.

POLICE DEPARTMENT

Field and Operations

Since 2007, staffing levels in the Police Department have been reduced by approximately 30 percent. To expedite the restoration of sworn staffing levels, we are recommending the allocation of \$1.5 million to allow the department to prepare for hiring additional officers. The funds will be used to cover the costs of background investigations, police cadet salaries, equipment and vehicles. The first Sacramento Police Department Academy since 2008 is scheduled to begin in July which will result in new police officers on the street by December 2013.

PARKS AND RECREATION DEPARTMENT

Aquatics

During the February 12 Council discussion on Measure U staff was asked to provide pool attendance information (see the last page of this attachment for a map with the location of all City pools). The following chart provides pool attendance information when all of the City's pools were in operation:

CITY OF SACRAMENTO SWIMMING POOL ATTENDANCE	
<i>Based on 2008 when all but Sim Pool was open (2007 data for Sim)</i>	
POOL	AVERAGE DAILY ATTENDANCE
Pannell Meadowview	562
Clunie	424
Tahoe	244
Southside	214
Glenn Hall	172
Doyle	138
Sim (2007)	129
Oki	127
Johnston	123
Mangan	116
Cabrillo	74
McClatchy	63

Through the generosity of Save Mart Supermarkets, the City was able to keep six pools (Clunie, Doyle, George Sim, Johnston, McClatchy, and Pannell Meadowview) and five stand-alone wading pools open for summer 2012. Currently, there is no funding available for the operations of aquatic facilities for the 2013 summer swim season. Given the value of the City's aquatic facilities as a community recreational resource, as well as providing safe and affordable places for the city's youth, we are recommending the allocation of \$250,000 to fund the preparation for continued operations of the six pools and five wading pools for summer 2013. While this allocation will provide resources through June, additional funding recommendations to fund operations through the remainder of the swim season will be included in the FY2013/14 Proposed Budget.

Last summer the YMCA successfully operated Southside Pool on a somewhat reduced schedule compared to City staffed operations. The City retained responsibility to maintain the infrastructure (pool building, pumps, filtration systems, grounds, etc.). To help offset operating costs, the YMCA charged higher fees for recreation swim admission, swim lessons and pool rental than did the City. The City also provided a \$30,000 subsidy and the community contributed almost \$10,000. Tahoe and Glenn Hall Pools were opened for public use with community fundraising and/or Council district funds.

The YMCA is prepared to enter into a similar agreement to operate Southside Pool again this summer and is in discussions with the City on operating both Glenn Hall and Tahoe Pools. If agreements can be reached with the YMCA the City subsidy would be \$40,000 for each pool for the entire summer season. If unsuccessful the cost per pool would be \$83,000. As proposed, no additional community fundraising would be necessary, consistent with Council discussion at the February 12th meeting. Staff is currently negotiating the terms of the agreement with the YMCA to include appropriate staffing levels and public safety standards.

Given limited Measure U funding for citywide restorations, it is recommended the City not open Mangan and Oki Pools. These pools, last open to the public in summer 2010, would remain closed as they had the lowest attendance of the pools not selected to operate the last two summers (see pool system attendance chart).

Cabrillo Pool is in need of significant capital repairs costing approximately \$150,000 to 200,000 and, therefore, staff is not recommending that this pool be reopened.

Maintenance and Capital Investment

Reductions to the park maintenance and operations budget over the last five years have significantly reduced service levels and capital investments in the City's park infrastructure. The department has identified irrigation system repairs/upgrades and other capital investments that will increase efficiency in service delivery and in some cases, reduce costs. Further, the department has identified critical unfunded infrastructure needs that will improve the users' overall park experience including sidewalk repair, drinking fountain replacement, picnic table/bench repairs, bike trail resurfacing/repairs. To address these unfunded needs, \$600,000 in one-time funds is recommended to begin efforts to reinvest in the City's deteriorating park infrastructure. Additionally, in the event that the Parks Department is successful in negotiating an agreement with the YMCA for operation of one to three of the City's pools, staff is recommending that the savings from the agreement (approximately \$43,000 per pool) be added to this CIP. These investments will provide immediate improvement/restoration of our parks infrastructure that will positively affect park users across the city.

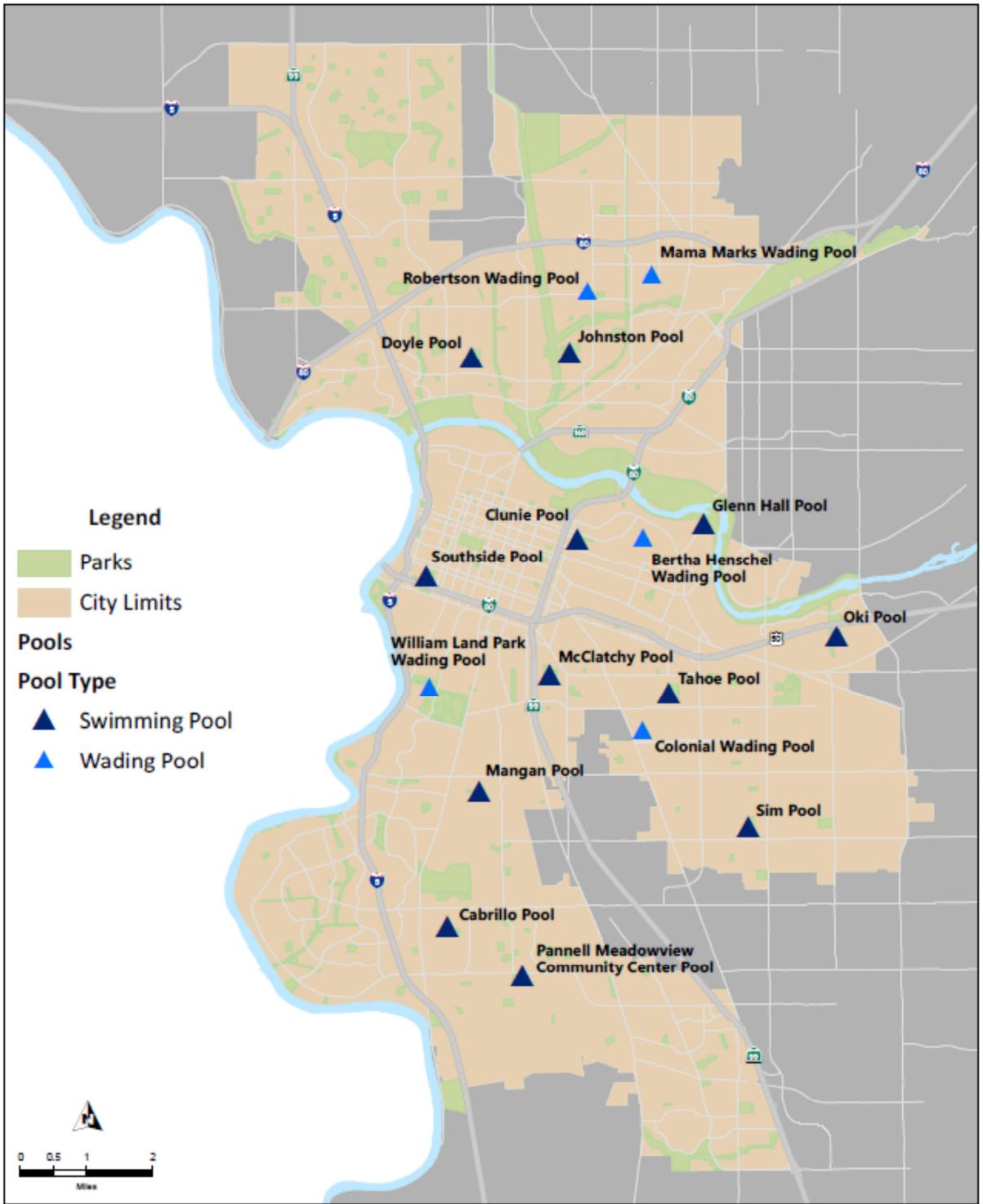
SACRAMENTO PUBLIC LIBRARY

Restoration to Maintenance of Effort (MOE)

The City's parcel tax for library services (originally approved by voters in 1996 and reauthorized in 2006) provides approximately \$4.5 million annually for library services. The voter approved measure includes an MOE that requires prior year reductions to library funding to be restored should the City's non-public safety General Fund programs receive additional funding. Given the funding recommended for the Department of Parks and Recreation, funding of \$506,000 is recommended to be allocated to the Library to restore funding to the required MOE level of \$7.636 million.



City of Sacramento
Department of Parks and Recreation
Swimming Pools and Stand Alone Wading Pools



O:\GIS_Projects\Parks\Pool Sponsor 2011.mxd | October 28, 2011 | jh



RESOLUTION NO. 2013-XXXX

Adopted by the Sacramento City Council

APPROVING THE FY2012/13 ALLOCATION OF MEASURE U RESOURCES

BACKGROUND

- A. Voter approval of the Essential Services Protection Measure (Measure U) in November 2012...
B. In FY2012/13 Measure U revenues are estimated at approximately \$5 million...
C. On February 12, 2013, the City Council adopted principles for the use of Measure U resources (Resolution 2013-0045).

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

Section 1 The Director of Finance is authorized to amend the FY2012/13 Approved Budget to include the following Measure U allocations for the restoration of programs and services:

Table with 3 columns: Measure U Restorations for FY2012/13, FTE*, Recommended Adjustments. Rows include Fire: SAFER Grant Buyback, Fire: January 2013 Brown Out Restoration, Police: Field & Operations, Parks and Recreation: Aquatics, General Services: Animal Control Officer, Sacramento Public Library Authority, and summary rows for FY2012/13 Expenditures and FTE, Measure U Reserve, and FY2012/13 Measure U Revenues.

*FTE restorations reflect the addition of full-time equivalent (FTE) positions; however, funding has been prorated to reflect anticipated costs in the current fiscal year (FY2012/13).