

Meeting Date: 5/19/2015

Report Type: Staff/Discussion

Report ID: 2015-00434

Title: FY2015/16 Measure U Restorations

Location: Citywide

Recommendation: Receive and consider for final budget adoption.

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

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

Department: Finance

Division: Budget Office

Dept ID: 06001411

Attachments:

1-Description/Analysis

2-Measure U Plan

3-Measure U Principles

City Attorney Review

Approved as to Form

Steve Itagaki

5/12/2015 9:56:17 AM

Approvals/Acknowledgements

Department Director or Designee: Leyne Milstein - 5/11/2015 2:51:31 PM

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, expiring in March 2019. The following chart summarizes the proposed revenues, expenditures and FTE for FY2015/16:

Proposed FY2015/16 Measure U Restoration Plan

Measure U Revenues and Expenditures (in 000s)	Existing FTE	FY16 Proposed FTE	Total FTE	FY16
BEGINNING FUND BALANCE				32,746
Revenues				42,046
Expenditures				
Fire Department	95.00	-	95.00	14,618
Police Department	150.00	22.50	187.50	17,064
Parks and Recreation Department	80.95	26.79	107.74	9,516
Miscellaneous	2.00	-	2.00	682
Total Measure U Restorations	327.95	49.29	354.74	41,880
ENDING FUND BALANCE				\$32,912

Additional detail by department is included in Attachment 1.

Measure U Revenues: FY2015/16 Measure U revenues are estimated at \$42 million based on the most recent four quarters of receipts. Substantial economic growth coupled with the introduction of an internet sales tax and a capture rate that far outpaces that of the majority of other city transaction and use taxes has resulted in higher revenues than were initially estimated for Measure U.

Measure U Expenditures: FY2015/16 Measure U expenditures of \$41.9 million fund the restoration of programs and services in the Fire, Police, Parks and Recreation, and Community Development (formally General Services) departments as well as to the Sacramento Public Library Authority. The \$41.9 million includes \$6.3 million of funding for capital improvements: \$4.05 million will be used for the Fire Station Replacement Program (F13000800) and \$2.25 million will be used for Park Maintenance Improvements Project (L19706000) and a Citywide Pool Assessment Program (L19706500). Detailed information on the Fire, Parks and Recreation, and Police Department budgets are presented in separate reports.

Policy Considerations: The proposed budget for Measure U reflects the annual cost of programs and services previously approved by Council and are consistent with the commitments made to voters relative to the use of these resources.

Economic Impacts: None.

Environmental Considerations:

California Environmental Quality Act (CEQA) – This action is not a project subject to CEQA because it concerns administrative activities and the creation of government funding mechanisms or other government fiscal activities that do not involve the commitment to any specific project which may result in a potentially significant physical impact on the environment (CEQA Guidelines Section 15378). CEQA review for any project, which utilizes funds allocated under the FY2015/16 CIP budget, has been or will be performed in conjunction with planning, design, and approval of each specific project as appropriate.

Sustainability: None.

Commission/Committee Action: The Measure U Citizens Oversight Committee met on March 4, 2015, and April 27, 2015, to review Measure U revenues and expenditures for FY2013/14. The committee prepared a report and presented their findings and recommendations to Council on May 5, 2015.

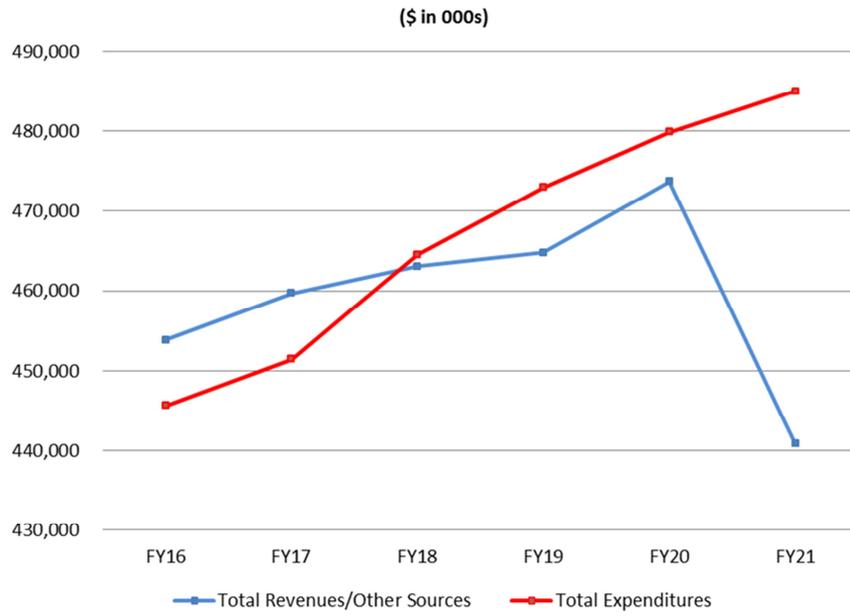
Rationale for Recommendation: The recommended Measure U restorations will restore and protect essential public safety services and other essential services as outlined in the measure approved by voters in November 2012. Additionally, the restorations are consistent with the Approved Measure U Principles (Attachment 2).

Financial Considerations: The allocation of funding recommended in this report continues the restoration of critical City services and the reinvestment in our community. The recommended restorations will use \$41.9 million of the anticipated \$42 million in revenues in FY2015/16 as reflected below:

Measure U Revenues and Expenditures (in 000s)	FY15	FY16	FY17	FY18	FY19	FY20	FY21
BEGINNING FUND BALANCE	21,500	32,746	32,912	39,432	46,281	41,138	(553)
Revenues	41,509	42,046	43,798	45,610	35,619	0	0
Expenditures							
Fire Department	12,154	14,618	10,803	11,043	11,290	11,545	12,007
Police Department	12,351	17,064	18,304	19,316	20,834	21,265	22,115
Parks and Recreation Department	5,018	9,516	7,484	7,708	7,940	8,178	8,505
Miscellaneous	740	682	687	693	698	704	732
Total Measure U Restorations	30,263	41,880	37,278	38,760	40,762	41,691	43,359
ENDING FUND BALANCE	\$32,746	\$32,912	\$39,432	\$46,281	\$41,138	(\$553)	(43,912)

The ending fund balance represents the resources available, the Measure U reserve, that will be used to help transition programs and services to the General Fund when the sales tax measure expires in March 2019. Absent extension of the sales tax measure or significant revenue growth above the current forecast, the City will face a “fiscal cliff” beginning in FY2020/21 when the Measure U reserve has been exhausted as reflected in the following graph:

General Fund Forecast With Impact of Measure U Expiration



Local Business Enterprise (LBE): Not applicable.

Measure U Revenues and Expenditures (in 000s)	Existing FTE	FY16 Proposed FTE	Total FTE	FY15	FY16	FY17	FY18	FY19	FY20
BEGINNING FUND BALANCE				21,500	32,746	32,912	39,432	46,281	41,138
REVENUES				41,509	42,046	43,798	45,610	35,619	-
EXPENDITURES									
Fire Department									
SAFER Grant Retention	27.00	-	27.00	2,803	2,803	2,803	2,803	2,803	2,803
Fire Company Restorations	48.00	-	48.00	7,044	6,384	6,576	6,773	6,976	7,185
Two Medic Units - January 2014 <i>(partially offset by \$1.2 million in new revenues)</i>	12.00	-	12.00	457	492	507	522	538	554
Technology	4.00	-	4.00	437	456	470	484	498	513
Fiscal Support	2.00	-	2.00	169	192	198	204	210	216
Fire Prevention	1.00	-	1.00	140	147	151	156	161	165
Human Resources	1.00	-	1.00	94	96	99	102	105	108
Recruit Academy	-	-	-	560	-	-	-	-	-
Capital Investment	-	-	-	450	4,048	-	-	-	-
Fire Subtotal	95.00	-	95.00	12,154	14,618	10,803	11,043	11,290	11,545
Police Department									
COPS Hiring Program Match and Retention (CHP and CHRP)	60.00	-	60.00	4,862	5,483	5,483	5,483	5,483	5,483
COPS Hiring Program (CHP Match and Retention FY13 (New in FY15)	10.00	-	10.00	557	653	843	960	1,409	1,451
COPS Hiring Program (CHP) Match and Retention FY14 and 15 vehicles in FY16	15.00	-	15.00	-	920	1,094	1,361	2,072	2,134
Field & Operations <i>(12.0 new FTE in FY15)</i>	61.00	-	61.00	4,075	6,316	7,564	8,087	8,404	8,656
Overtime	-	-	-	1,105	511	-	-	-	-
Investigations <i>(2.0 new FTE in FY15)</i>	8.00	-	8.00	556	1,201	1,254	1,283	1,292	1,331
Forensics	6.00	-	6.00	512	567	614	636	646	665
Communications	4.00	-	4.00	317	311	355	408	429	442
Crime Analysis	1.00	-	1.00	96	92	97	98	99	102
Hiring Pipeline	-	22.50	22.50	-	1,000	1,000	1,000	1,000	1,000
Fair & Impartial Policing Training	-	-	-	-	10	-	-	-	-
Capital Investment	-	-	-	271	-	-	-	-	-
Police Subtotal	165.00	22.50	187.50	12,351	17,064	18,304	19,316	20,834	21,265
Public Safety Total	260.00	22.50	282.50	24,505	31,682	29,107	30,359	32,124	32,809
Parks and Recreation Department									
Aquatics	34.00	-	34.00	1,732	1,764	1,817	1,871	1,928	1,985
Community Centers	18.30	3.50	21.80	832	1,104	1,137	1,171	1,206	1,243
Park Maintenance <i>(includes Park Ranger)</i>	22.00	7.00	29.00	1,766	2,527	2,603	2,681	2,761	2,844
Senior Programs	1.50	-	1.50	194	172	177	182	188	194
Teen Services <i>(Hot Spots/Summer at City Hall)</i>	4.15	-	4.15	311	390	402	414	426	439
Gang Prevention	1.00	-	1.00	100	100	103	106	109	113
Recreation	-	16.29	16.29	-	1,209	1,245	1,283	1,321	1,361
Capital Investment	-	-	-	83	2,250	-	-	-	-
Parks and Recreation Subtotal	80.95	26.79	107.74	5,018	9,516	7,484	7,708	7,940	8,178
MISCELLANEOUS RESTORATIONS									
Animal Control Officer	2.00	-	2.00	227	176	181	187	192	198
Capital Investment - Animal Control	-	-	-	7	-	-	-	-	-
Library Restoration	-	-	-	506	506	506	506	506	506
Miscellaneous Subtotal	2.00	-	2.00	740	682	687	693	698	704
Total Measure U Restorations	342.95	49.29	392.24	30,263	41,880	37,278	38,760	40,762	41,691
ENDING FUND BALANCE			-	\$32,746	\$32,912	\$39,432	\$46,281	\$41,138	(\$553)

Approved Principles for the Use of Measure U Resources (Resolution 2013-0045)

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.