



Measure U Community Advisory Committee Report

915 I Street

Sacramento, CA 95814

www.cityofsacramento.org

File ID: 2022-01018

May 16, 2022

Discussion Item 05

Title: Approval of Recommendations to City Council Regarding Fiscal Year (FY) 2022/23 Proposed Budget

Location: Citywide

Recommendation: 1) Discuss draft recommendations regarding the FY2022/23 Proposed Budget; and 2) pass a Motion: a) approving the recommendations, and b) authorizing the Spending Oversight and Budget Development 2022-23 Ad Hoc Committee to finalize and forward the recommendations to the Budget and Audit Committee for consideration.

Contact: Ash Roughani, Special Projects Manager, (916) 808-7751, aroughani@cityofsacramento.org, Office of the City Manager

Presenter: Members of the Spending Oversight and Budget Development 2022-23 Ad Hoc Committee

Attachments:

1-Description/Analysis

2-DRAFT Recommendations Regarding the FY2022/23 Proposed Budget

Description/Analysis

Issue Detail: The City's fiscal year is July 1 through June 30. As such, the City Council annually adopts the City's operating and capital budgets for a single fiscal year beginning July 1 and ending June 30 in the subsequent calendar year.

To establish the annual budget, the Budget Division of the Finance Department develops a plan for expenditure of projected available resources for the coming Fiscal Year. Labor costs are updated to reflect salary and benefit changes called for in union contracts, and estimates for unrepresented employees are also updated. A five-year revenue receipts and economic and revenue forecasts are used to determine what resources, tax revenues, and other discretionary revenues will be available to support operating requirements.

A base budget is prepared from this information. This base budget updates the costs of maintaining service and staffing levels into the new budget year. The base budget also includes the updated estimates of revenues and other financing sources. The base budget contains the operating and capital budgets.

Proposed operating and capital budget documents are prepared and transmitted to the Mayor and City Council as required by City Charter on or before May 1 of each year. The Mayor and Council review the proposed operating and capital improvement budget in public hearings. The budget is formally adopted by the vote of City Council on or before June 30 of each year. Any changes to the proposed budget, as considered and approved by the City Council during budget hearings, are included in the Approved Budget document.

The Committee approved its budget priorities on April 18, 2022. This item is intended to allow the Committee to adopt subsequent recommendations in response to the City Manager's FY2022/23 Proposed Budget.

Policy Considerations: City Council Resolution 2018-0393 adopted October 2, 2018 outlines the purpose and the powers and duties of the Measure U Committee specifically, to ensure that the expenditures of City resources reflect Council and community priorities, the committee shall review, report, and make non-binding recommendations on revenue and expenditures of certain funds from the Transactions and Use Tax (Sacramento City Code chapter 3.27.).

Economic Impacts: None.

Environmental Considerations:

California Environmental Quality Act (CEQA): This report concerns administrative activities and governmental fiscal activities that do not constitute a “project” as defined by the CEQA Guidelines Sections 15378(b)(2) and 15378(b)(4) and are not subject to the provisions of CEQA (CEQA Guidelines Section 15060(c)(3)).

Sustainability: None.

Commission/Committee Action: At the Committee’s January 31, 2022 meeting, it formed a FY2022/23 Budget Ad Hoc Committee to develop draft budget priorities for the full Committee’s consideration. At its March 21, 2022 meeting, the Committee discussed the draft budget priorities and moved to continue the item at the April 18, 2022 meeting. On April 18, 2022, the Committee approved its budget priorities and authorized the Spending Oversight and Budget Development 2022-23 Ad Hoc Committee to finalize and forward the priorities to the Budget and Audit Committee for consideration. The Budget and Audit Committee will received the priorities on May 6, 2022.

On May 2, 2022, the Committee held a special meeting to receive an overview presentation of the FY2022/23 Proposed Budget and began discussing its follow-up recommendations in response to the City Manager’s Proposed Budget. At that meeting, the Committee approved a recommendation that the City Council include \$5.5 million to fund a second round of participatory budgeting with a minimum of \$500,000 from that amount specifically allocated toward program development, implementation, and evaluation activities.

Rationale for Recommendation: A primary purpose of the Committee is to make Measure U spending decisions to the City Council and the Committee requested the opportunity to adopt follow-up recommendations in response to the City Manager’s FY2022/23 Proposed Budget.

Financial Considerations: None.

Local Business Enterprise (LBE): None.

May 16, 2022

Mayor and Councilmembers
City of Sacramento
New City Hall
915 I Street
Sacramento, CA 95815

RE: Measure U Recommendations to Council FY 22/23 - REVISED

Dear Mayor Steinberg and Councilmembers:

City Council Resolution 2018-0393 adopted October 2, 2018, outlines the purpose and the powers and duties of the Measure U Committee specifically, to ensure that the expenditures of City resources reflect Council and community priorities, the committee shall review, report, and make non-binding recommendations on revenue and expenditures of certain funds from the Transactions and Use Tax (Sacramento City Code chapter 3.27.).

In addition to services previously supported by the original Measure U, the 2018 ballot initiative specified the following uses: other essential services, including homeless supportive services, affordable housing, libraries, park maintenance, high-wage job promotion, and youth programming. When the City Council adopted the FY 2021/22 Operating Budget, the Council directed the City Manager to realign the Measure U expenditures to better reflect Council's priorities for the use of the revenues. A guiding question for the Committee in developing these recommendations is: What services are we able to provide that we weren't able to provide before the 2018 Measure U was passed to meet the most pressing needs in our communities?

Under this authorization and with this guiding framework, we provide the following recommendations regarding the 2022-2023 budget.

Metrics: Admittedly, the Committee was disappointed to learn that the city's plans to publish a dashboard with the City's performance measures (defined outcomes and assessment of progress listed on [page 41-43](#) of the 21/22 budget) are on hold until because of technical issues. We want to reiterate the importance of systematically tracking performance metrics that describe the outcomes (how well programs are functioning and their human impact) and not just inputs and outputs of City operations. We also reiterate a previous recommendation to conduct a neighborhood analysis of equity in investments. Additionally, it would be helpful to have a Spending Database for the City. This would provide a mechanism to have a better idea of investments by neighborhood, income, race/ethnicity, and language spoken and to develop geographic- and demographic-specific plans for future spending.

Participatory Budgeting [\$5.5 million]: We recommend \$5.5 million in additional funding for community-identified projects with at least \$500,000 for consultants, outreach activities/media, and evaluation.

Affordable Housing: We recommend that funding be spent on direct financial investments to drive in state and federal match dollars for affordable housing and homelessness prevention by supporting Sacramento residents in maintaining housing through mortgage and rental assistance and providing additional gap funding for new affordable housing developments.

To this end, we recommend contributing Measure U funds to the Affordable Housing Trust Fund be allocated for development of place based neighborhood planning, which includes: home repair and waived code enforcement fees for elderly and/or low-income homeowners, first-time home buyers' program, homelessness prevention programs and jobs enterprise efforts for historically underserved neighborhoods, e.g. Glen Elder, Gardenland, Del Paso Heights, Meadowview.

Homelessness: Continue to use Measure U funds for direct programs and services responsible for moving individuals and families into more stable environments, addressing barriers, and moving people from homelessness to housing. We reiterate our recommendation from the FY 21-22 mid-year letter that funding be spent to 1) add to the current \$2.8 million *Homeless Housing Initiatives* allocation to expand service provision beyond women and children under 14 to include older children, people of other genders, and veterans; 2) add to the allocation to *Respite Centers* to expand the availability of shelter for inclement weather and Safe Ground sites. In addition, directly funding the development of permanent supportive housing including through Project Homekey and transitional housing is critical to the success of the City's efforts to end homelessness. Measure U funds should also be directed to supporting those important efforts.

Senior Services: We have a growing elderly population in Sacramento with unique needs that the city should identify and support. We recommend funding be spent to expand the service hours, geographic availability, and language access to services such as Hart Senior Center, Triple R Program, 50+ Wellness Program, Caring Neighborhoods Program, Stanford Settlement, Tech Connections, and Information and Assistance Program.

Youth: We are pleased that funds from Measure U have been invested in youth. The Committee recommends that the Council continue to prioritize investing in programs and services for youth, especially those from historically underserved communities, provided by the City and in partnership with community-based organizations, to ensure community well-being. We recommend that funding be spent to expand programming for youth K-12, youth under 26, culturally relevant services for Native and Hmong youth as well as youth from refugee families and to support a protected and earmarked city fund for children and youth.

Expanding on the recommendation above for performance metrics, contained within the Spending Database for the City should be a list of organizations that have received funding from the youth development grant program and the zip codes of the youth served to understand and assure that MU funds are being used to serve the communities with demonstrated need and to make recommendations for future funding to fill gaps.

Community Investment: We want to emphasize the important role of Community Centers in serving a variety of neighborhoods and demographics and encourage the Council to consider increasing investments in their services and operations.

We also reiterate previous recommendations to only include in the youth line item investments that are *specific* to youth. Some investments – which we support and are important parts of city infrastructure – are best categorized as general Community Investments: examples include Aquatics, Camp Sacramento, and the Sacramento Zoo.

Violence Prevention: community violence prevention programs by age and zip

High wage job promotion (inclusive economic development): In addition to the \$2 million toward the Housing Trust fund outlined below to provide similar services (which include jobs enterprise) to those in Aggie Square to another neighborhood in need, the Committee focused its attention on bolstering an existing program: Thousand Strong. Currently participation is low and costly to employers. Additional investments could turn this into a meaningful and effective job training program for youth.

Small Business support [\$800,000]: For façade improvement grants to allow businesses / property owners to apply for funds to fix vandalized windows and doors that are often destroyed after hours or during a business burglary. One suggestion to ensure access is to use a ranking system that would prioritize the geographical areas where there has been historical lack of public investment to ensure that this type of programming would reach across the city to ensure the areas of our city that don't have PBIDs (e.g. Gardenland/Northgate, North Sac, Freeport, Meadowview) have access to the funding.

Arts/Creative Edge: We recommend additional Measure U investments in this category be focused on youth in traditionally underserved communities.

Library: We recommend adding funding to support additional staffing and operating expenses to expand hours of service to 8 hours per day at least 6 days per week. Operating hours should be responsive to community needs and use.

Branding Measure U Funding: In the mid-year 21/22 recommendations, the Committee recommends that the City brand Measure U investments in the city by directing staff to develop a logo, identify sign placement and assess printing and installation costs. We are pleased that the City adopted our recommendation to develop a logo as well as a communication plan that will be utilized by all departments receiving Measure U funds.

Thank you for considering these recommendations and for the opportunity to serve our community in this important endeavor.

Sincerely,

The Measure U Community Advisory Committee

Revenues and Expenditures in (\$ in 000s)	FY 2021/22 Approved	FY 2022/23 Projection	FY 2022/23 MU Proposal
REVENUES	108,801	113,167	113,167
EXPENDITURES			
Affordable Housing			
Operations	1,764	1,830	1,830
Multi-Year Operating Projects	1,200	1,200	3,200
Total	2,964	3,030	5,030
Arts/Creative Edge			
Operations	3,759	3,839	3,839
Multi-Year Operating Projects	2,640		
Total	6,399	3,839	3,839
Climate Action			
Operations	20	25	
Multi-Year Operating Projects	300	300	
Total	320	325	0
Community Investment			
(Operations) Total	18,340	18,766	0
Community Response			
Operations	11,270	11,577	
Multi-Year Operating Projects	5,835	4,866	
Total	17,105	16,443	0
Homelessness			
Operations	509	524	
Multi-Year Operating Projects	5,826	5,146	
Total	6,335	5,670	0
Inclusive Economic Development			
Operations	6,808	6,981	
Multi-Year Operating Projects	750	750	
Total	7,558	7,731	0
Library			
Operations	13,572	14,272	
Multi-Year Operating Projects	400	400	

Capital Improvements	2,500	0	
Total	16,472	14,672	0
Animal Control			
(Operations) Total	1,488	1,531	0
Fire			
(Operations) Total	8,590	8,718	0
Police			
Operations	5,665	5,821	
Capital Improvements	(500)	0	
Total	5,165	5,821	0
Youth, Parks & Community Enrichment (YPCE)			
(Operations) Total	1,608	1,655	
Youth			
Operations	23,226	23,766	
Multi-Year Operating Projects	3,643	3,473	
Total	26,869	27,239	
Miscellaneous			
(Operations) Total	73	75	
One-Time Resources			
Housing Trust Fund	3,070	0	
Prior Year-End Resources	2	0	
Total	3,072	0	
Economic Uncertainty Reserve (EUR) Contribution (0.5% of Expenses)	596	578	
TOTAL EXPENDITURES	119,286	115,515	
Net Resources (revenue less expenditures)	(8,009)	(2,926)	113,167