

Measure U Financial Management

Scope: CITYWIDE

Policy Contact

Dennis Kauffman

Finance Operations Manager

Department of Finance

(916) 808-5843

dkauffman@cityofsacramento.org

Dawn Holm

Budget Manager

Department of Finance

(916) 808-5574

dholm@cityofsacramento.org

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Measure U Financial Management Policy

I. PURPOSE

The City's Measure U Financial Management Policy documents the methods the City will use to demonstrate prudent financial management over Measure U tax revenue. The policy:

- Establishes a Measure U Reserve to address unanticipated revenue reductions and the transition that will occur upon the expiration of the tax;
- Commits to allocating the additional Measure U resources, above the amount needed to fund the Measure U Reserve and to accommodate growth of already-funded Measure U programs, to one-time expenditures;
- Prohibits using Measure U resources to increase General Fund non-Measure U employee compensation or to balance the General Fund budget;
- Requires performance audits by the City's external independent auditor in addition to the City's annual financial and compliance audits; and
- Requires development of a transition plan to address the expiration of the Measure U tax and the reduction or phase out of services funded by Measure U.

2. BACKGROUND

Voter approval of the City of Sacramento Essential Services Protection Measure (Measure U) in November 2012 authorized the implementation of a six-year, one-half cent transaction and use tax effective April 1, 2013, which expires on March 31, 2019. The objectives of Measure U are "to restore and protect essential safety services, including 9-1-1 response, police officers, gang/youth violence prevention, fire protection/emergency medical response, and other essential services including park maintenance, youth/senior services, and libraries..."

3. POLICY

3.1 Measure U Reserve

The City shall maintain a Measure U Reserve dedicated to mitigating the effects of unanticipated revenue reductions and the transition away from Measure U revenue upon the expiration of the tax on March 31, 2019. The Measure U Reserve shall be funded equal to the estimated Measure U program/service costs in FY2020/21 to provide time and adequate funding to phase out the use of Measure U funds.

3.2 Use of Measure U Resources

- Measure U revenue, above the amount needed to fund the Measure U Reserve and to accommodate growth of Council-authorized Measure U

programs, will be allocated to one-time expenditures focused on investment in City infrastructure used to deliver Measure U programs/services.

- Measure U revenue shall not be allocated to fund new or expanded programs with ongoing costs after June 30, 2015, as the expiration of the tax measure in 2019 may require those new programs to be reduced or eliminated.

3.3 Prohibited Uses

Measure U resources shall not be used to increase General Fund non-Measure U employee compensation or to balance the General Fund budget, except where funds would provide for the protection of programs/services specifically included in the Measure U ballot language.

3.4 Transparency and Reporting

Measure U revenue and expenditures should be transparent to the City Council, the Measure U Citizens Oversight Committee, and Sacramento residents. In order to achieve this transparency, Measure U resources will be accounted for and reported separately in order to facilitate review by the Council and the Oversight Committee. In addition, the following information shall be available:

- The City's annual financial and compliance audit will include revenues and expenditures for the Measure U Fund.
- As requested by the Citizens Oversight Committee, the City shall engage its external independent auditors to conduct annual performance audits of Measure U spending by budget allocation.

3.5 Transition Plan

The City Manager will prepare a transition plan as part of the FY2018/19 Proposed Budget to address the expiration of the Measure U tax and the phase out of services funded by Measure U. The transition plan should reduce the reliance on Measure U resources over time by utilizing the Measure U Reserve and converting support for essential programs and services to any alternative sources of funding identified.