

Memorandum

To: Roseville City Council

From: Local Sales Tax Citizens' Oversight Committee

Date: March 29, 2022

Subject: Citizens' Oversight Committee update for April 20, 2022 Roseville City Council Meeting

History of Measure B

- Measure B is a half-cent local sales and use tax to protect Roseville's essential services and was approved by voters in the November 6, 2018 election, with the expected annual revenue of \$16 to \$19 million.
- On April 1, 2019, the sales and use tax rate in Roseville increased from 7.25% to 7.75%.

Role of the Citizen Oversight Committee

- The Citizens' Oversight Committee (Committee) was proposed as an independent citizen oversight on the Measure B funds.
- The Committee was created when Measure B passed in the November 6, 2018 election.
- The Committee is charged with the annual review and report to the City Council on the revenue and expenditures of the Measure B sales and use tax.

Current Members	Term End
Richard Duffy	6/30/2023
Stephanie Hill	6/30/2025
Kathryn Kitchell	6/30/2023
Meghan Krafka	6/30/2023
John Speight	6/30/2025

Measure B is a General Tax and the monies collected are appropriated to the General Fund where revenues are not allocated and tracked for a specific purpose. The Measure B ballot information stated that "the City may use the funds for any municipal purpose, including but not limited to essential services such as neighborhood police patrols, fire protection, 9-1-1 emergency response; crime suppression/investigation; street and pothole repair; libraries, parks and recreation; and job creation and economic improvement programs." It is not possible for the Committee to determine the exact programs/services/programs supported by Measure B revenues.

Review of Committee Meetings

- The November 30, 2021 meeting consisted of the following:

- Review of the Brown Act by Joe Mandell, Senior Deputy City Attorney
- Presentation by Dennis Kauffman, Assistant City Manager/Chief Financial Officer:
 - Committee Overview
 - Draft Measure B Scorecard

The Measure B Scorecard (Scorecard) was prepared by staff, in conjunction with a consultant, as an additional resource for the Committee in its review of compliance of the use of Measure B Funds with the original purpose for Measure B as stated in the ballot. The Committee agreed the format of the Draft Scorecard, with some minor changes, is a helpful tool.

- The February 8, 2022 meeting consisted of the following:
 - Presentation of the City's year-end report by Dennis Kauffman, Assistant City Manager/Chief Financial Officer. The presentation was a summary of information provided to the Committee as exhibits:
 - Year-end Report: Discussion of Fiscal year July 1, 2020 to June 30, 2021 General Fund revenues and expenditures
 - Annual Budget overview
 - Fourth Quarter and Year End results
 - Memo to City Council proposing a budget adjustment
 - Status of reserve accounts
 - General impacts of the COVID-19 pandemic
 - Final Measure B Scorecard
 - Recommendation by the City staff that the Committee designate one or two Committee members to prepare the Committee's report to the City Council.

Citizens' Oversight Committee Report of the Funds from Fiscal Year 2020/2021

- Fiscal year 2020/2021 resulted in \$24.5M in Measure B revenue which was \$5.9M more than budgeted. Actual Measure B revenues exceeded budget primarily due to the conservative approach in budgeting for major tax revenues to compensate for impacts of the COVID-19 pandemic and general economic recovery.
- The Committee notes that because Measure B revenue is a general tax comingled with other General Fund revenue and pooled for General Fund expenditures, it is not possible to trace specific expenditures back to Measure B revenue.
- General Fund expenditures were \$7M less than budgeted. The bulk of this reduction was in Development Services (\$1.6M), Public Works (\$.83M), and Parks, Recreation and Libraries (\$2.62M). The reduction in Parks, Recreation and Libraries expenditures resulted primarily from temporary closures of facilities and services due to the pandemic.
- The Police and Fire Departments spent virtually 100% of their budgets.
- Actual results for the year indicate a one-time surplus of \$28.5M. Staff prepared a memo to City Council requesting the following partial use of the surplus:

- \$4.4M for street resurfacing
- \$.7M for replacement of a tractor drawn fire truck
- \$.3M to replace funds used from the Contingency Fund for replacement of the Roseville Aquatics Center slide and water play structure.

The \$23.1M remaining surplus will be discussed at the Council Priorities Workshop. Staff generally suggest one-time surplus amounts be spent on capital expenditures or placed in reserves for future needs.

- The Scorecard (attached) provided the Committee with additional information in determining the level of services in comparison to the base year (FY2020, when a full year of Measure B revenues were collected). The Scorecard indicates that budgeted expenditures, staffing levels, and Economic Stabilization Reserve and Emergency Reserve balances for FY2021 were comparable to those in the base year.
- The Scorecard also indicates (through specific reported results of the National Community Survey, a City-wide effort) that the community continues to be generally satisfied with the services provided by the City.
- The Committee concludes that, based on the data provided by City staff and our analysis as described above, FY 2021 Measure B funds were used for their intended purpose, with the following condition: the Council Priorities Workshop and determination of the use of the \$23.1M remaining surplus was not known by the Committee at the time of this report preparation. The Committee suggests the report for FY2022 include a section addressing how the surplus was utilized.

CC: Dennis Kauffman, Assistant City Manager/Chief Financial Officer
Terry Bradley, Recording Secretary

Attachment: Measure B Scorecard



Measure B Scorecard

Measure B is a half-cent local sales and use general purpose tax passed by voters during the November 6, 2018 election to protect Roseville’s essential services.

The primary function of Measure B is to maintain essential services. Prior to the passage of Measure B, the City of Roseville faced significant reductions in services, under-funding of long-term obligations, and growing expenses. Revenue generated by Measure B allows the City of Roseville to provide for the continuity of services by restoring and maintaining priority service levels and building and maintaining an Economic Stabilization Reserve Fund as a safeguard for the future.

Roseville’s Measure B scorecard uses a green, yellow, red scoring method to present how Measure B funds have impacted services.

- **Green** indicates restored or enhanced level of resources.
- **Yellow** indicates maintained level of resources.
- **Red** indicates diminished level of resources.

Below is a dashboard snapshot; additional details follow.

Category	Rating
<i>Fiscal Investment Snapshot</i>	
Police	●
Fire	●
Parks, Recreation and Libraries	●
Public Works	●
Development Services	●
All other General Fund departments, transfers	●
Investment in Reserves	●
<i>Community Indicator Snapshot¹</i>	
Livability	●
Public Safety	●
Parks, Recreation and Library Services	●

¹Community Indicators are part of the National Community Survey report of results from 2021.

Measure B revenues continue to allow the City to maintain current service levels, restore services, and strategically invest in high-priority areas while still achieving a balanced budget.

Measure B Priorities

Measure B was passed by voters with the commitment to maintain service levels, invest in high-priority service areas, and build and maintain the City's economic stabilization reserve fund. Measure B sales tax revenue has helped stabilize General Fund services, protect Roseville's quality of life, and increase reserves to weather future economic downturns.

Measure B-related investments in Fiscal Year 2020-21:

- Maintained essential services
 - Cost of doing business increases
 - Specialized police and fire services
 - Fire engine company
 - Recreation and library programs
 - Street maintenance levels
 - Job-creation and business-recruitment initiatives
 - One additional dispatcher
 - Unsheltered camp cleanup
 - Library, parks and events stabilization
 - Maintenance at citywide parks
 - Crabb Park
 - Central Park
 - Pistachio Park
 - Street paving
- Restored services that had been reduced prior to Measure B
 - Library hours
 - 4th of July fireworks
 - Fire training and investigations
 - Goat grazing for thatch management in open space
 - Park maintenance standards
 - Industry training and development
- Services Added
 - Establish new police beat in West Roseville
 - One additional police traffic officer
 - Maintenance for three citywide parks, allowing for construction to occur
- Fiscal Health Investments
 - Build an economic stabilization reserve fund
 - Pay down CalPERS pension obligation
 - Pay down retiree health liability

General Fund Department Data

A primary objective of Measure B is to ensure the continuity of services for residents. This is demonstrated by the level of investment in General Fund operating departments. The City seeks to keep pace with growth while maintaining a high level of service and meeting the needs of the community.

This scorecard uses a green, yellow, red scoring method to present how Measure B funds have impacted services.

- **Green** indicates restored or enhanced level of resources.
- **Yellow** indicates maintained level of resources.
- **Red** indicates diminished level of resources.

Department	Adopted Expenditures				Adopted Staffing			
	FY 2020	FY 2021	Increase		FY 2020	FY 2021	Increase	
Police	\$44,518,481	\$46,426,362	4%	●	201	204	1%	●
Fire	\$34,178,936	\$34,649,868	1%	●	119	119	0%	●
Parks, Recreation and Library	\$24,677,839	\$26,412,290	7%	●	115	117	2%	●
Public Works	\$7,204,894	\$8,016,401	11%	●	111	111	0%	●
Development Services	\$9,371,317	\$10,125,452	8%	●	70	69	-1%	●
All other General Fund departments	\$40,777,385	\$40,664,703	-0%	●	130	136	4%	●
Total	\$160,728,852	\$166,295,076	3.5%	●	746	755	1%	●

Notable Changes

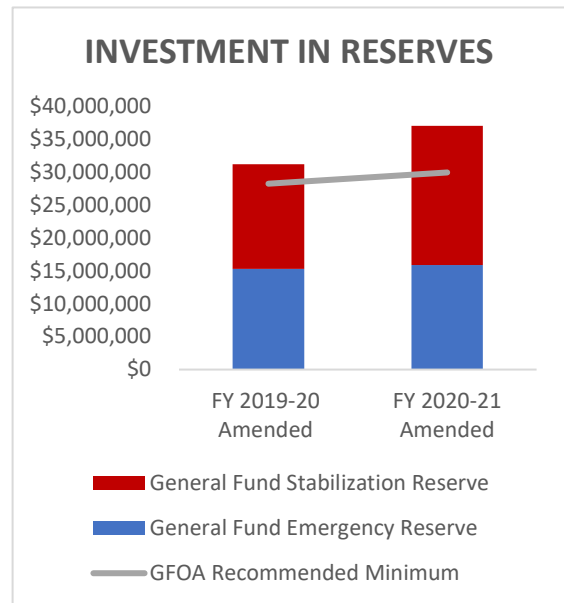
The FY 2020-21 budget was adopted as a primarily status quo budget, given the fiscal uncertainty surrounding the COVID-19 pandemic, and included known cost increases for labor contracts and vendor agreements. The Police Department added two positions in FY 2020-21, a dispatcher and a school resource officer, after also adding one position during FY 2019-20. The increase in expenditures for the Parks, Recreation and Libraries Department is due to higher costs for park and open space maintenance, as well as adding two new positions. The increase in Public Works expenditures is the result of lower reimbursements from other funding sources due to the timing of work on multi-year projects. The increase in Development Services expenditures is partly due to adding two limited-term building inspectors to maintain service levels, while the reduction in regular staffing is due to removing a position that had been added temporarily to allow cross training prior to a retirement.

FY 2020-21 actual expenditures were 96% of the adopted budget, with the Police and Fire departments expending 100% of their budgets, and the Parks, Recreation and Libraries Department expending 90% of their budget due to impacts from the pandemic.

Investment in Reserves

Through June 30, 2021, the City Council had transferred nearly \$16 million received from Measure B to the Economic Stabilization Reserve. These funds strengthen the City’s financial position and will help provide for the continuation of essential services during a future economic downturn.

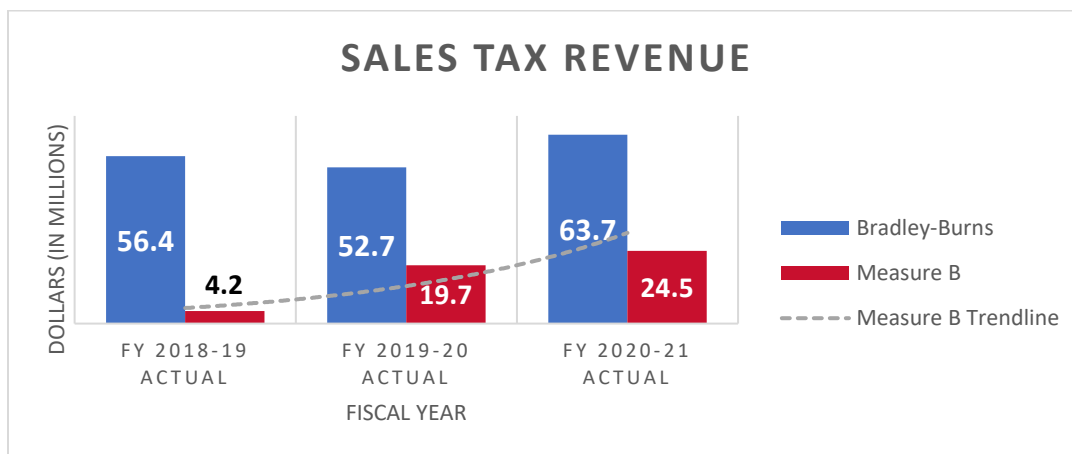
The adopted FY 2020-21 budget assumed a transfer of \$2.1 million would be necessary to balance the budget after tax revenues were conservatively estimated based on impacts from the pandemic. Because of strong sales tax results during the fiscal year, no transfer from the reserve was necessary. In addition, \$7.27 million was transferred during the year from the General Fund into the Economic Stabilization Reserve from the FY 2019-20 year-end budget surplus.



The Government Finance Officers Association (GFOA) recommends a minimum 17% reserve. The City of Roseville’s total reserves (Economic Stabilization + Emergency) is approximately \$41 million per the FY 2021-22 adopted budget, which equates to the Council-adopted policy target of 25% of operating expenditures.

Trending: Sales Tax Revenue

Measure B revenue (shown in red) has steadily increased and enables the City of Roseville to maintain and expand service priorities to meet the needs of a growing population.



Measure B Helps Support Roseville’s High Marks on National Community Survey

In January and February 2021, residents were asked to complete the National Community Survey to benchmark and track resident satisfaction levels and priorities. The National Community Survey (the

NCS™) is a statistically valid instrument recognized as the nation’s premier community survey. It is developed and provided by the National Research Center at Polco. Invitations to take part in the survey were mailed at random to 3,000 Roseville residents, with 476 residents completing the survey (16%). This provides a level of confidence of 95% and a margin of error of plus or minus 5%.

Measure B funding has enabled the City of Roseville to not only sustain, but also increase service levels within the city, which aided in making Roseville residents among the most satisfied in the country.

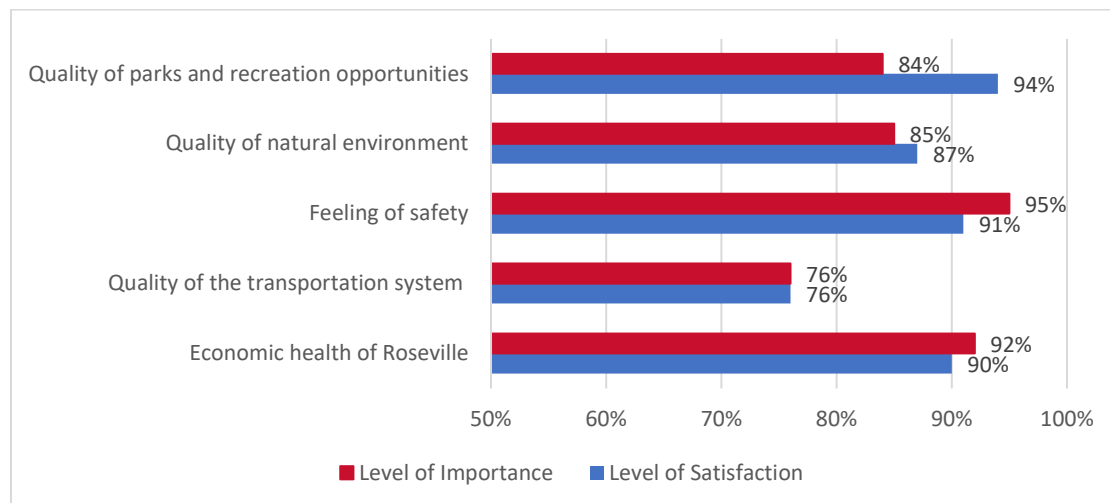
Roseville’s Measure B scorecard uses a green, yellow, red scoring method to present how Measure B funds have impacted services. For purposes of rating public perspective via the National Community Survey, the follow standards have been applied.

- **Green** indicates a score of 75% or above on the National Community Survey.
- **Yellow** indicates a score between 50% and 74% on the National Community Survey.
- **Red** indicates a score below 50% on the National Community Survey.

Key Community Indicators Relating to Measure B Priorities

● *Facets of Livability*

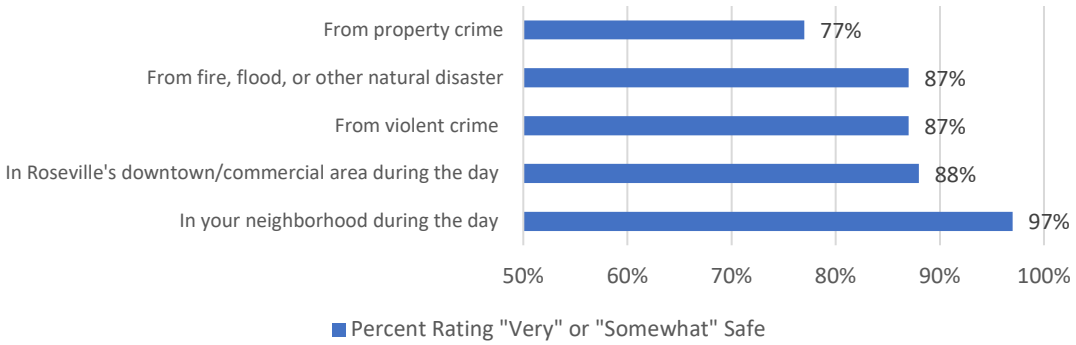
The charts below show the proportion of residents who rated key community facets positively for quality and show the level of importance residents place on the facet for the next two years.



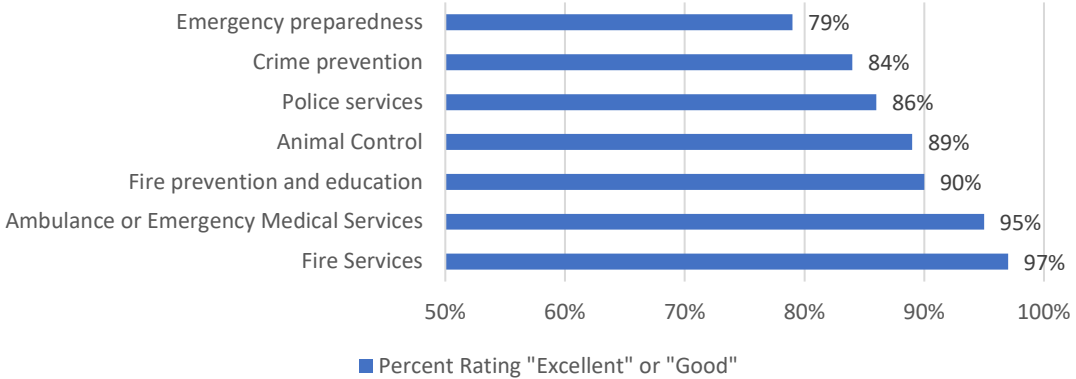
● *Safety*

91% of respondents rated the overall feeling of safety in Roseville as “excellent” or “good.” Additional ratings regarding safety follow.

Safety: Feeling of Safety (Relates to Roseville as a Whole)

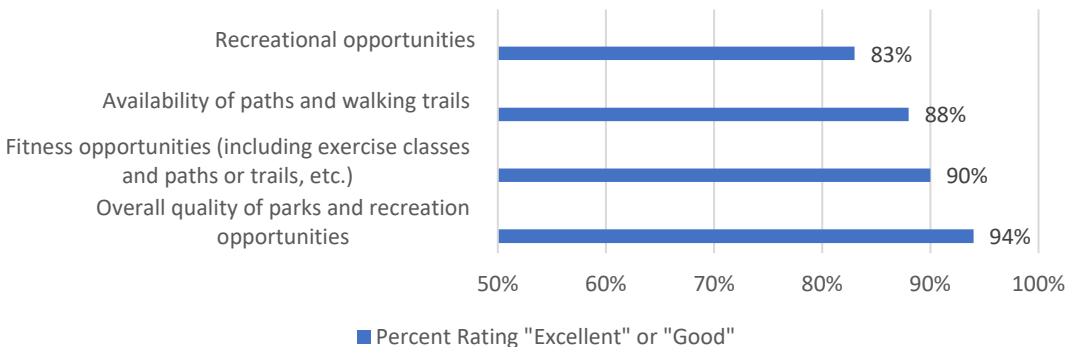


Safety: Quality of Services



Parks, Recreation and Library Services

Parks and Recreation: Opportunities (Relates to Roseville as a Whole)





Additional information and complete survey results can be found [here](#).