



Regular Meeting Agenda

Tuesday, August 11, 2026

11:00 AM

City Hall Complex, 915 I Street, Sacramento, CA 95814

Budget and Audit Committee

BUDGET AND AUDIT COMMITTEE

***Roger Dickinson, Chair, District 2
Karina Talamantes, Vice Chair, District 3
Caity Maple, District 5
Eric Guerra, District 6***

COMMITTEE STAFF

***Mindy Cuppy, City Clerk
Leyne Milstein, Assistant City Manager
Farishta Ahrary, City Auditor
Andrea Velasquez, Supervising Deputy
City Attorney***

Open Session**Roll Call****Land Acknowledgement****Pledge of Allegiance****Consent Calendar**

All items listed under the Consent Calendar are considered and acted upon by one Motion.

1. Budget and Audit Committee Meeting Minutes

File ID: 2026-01317

Location: Citywide**Recommendation:** Pass a **Motion** approving the Budget and Audit Committee meeting minutes dated June 16, 2026.**Contact:** Mindy Cuppy, City Clerk, (916) 808-5442, mcuppy@cityofsacramento.org, Office of the City Clerk**Attachments:** [2026-01317 STAFF REPORT](#)**2. City Auditor's Activity Report for the 4th Quarter of Fiscal Year (FY) 2025/26**

File ID: 2026-01452

Location: Citywide**Recommendation:** Pass a **Motion:** 1) accepting accepting the City Auditor's Activity Report for the 4th Quarter of Fiscal Year (FY) 2025/26; and 2) forwarding to City Council for approval.**Contact:** Farishta Ahrary, City Auditor, (916) 808-7266, fahrery@cityofsacramento.org, Office of the City Auditor**Attachments:** [2026-01452 STAFF REPORT](#)**3. City Auditor's Whistleblower Hotline Activity Report for the Period January 2026 through June 2026**

File ID: 2026-01455

Location: Citywide**Recommendation:** Pass a **Motion:** 1) accepting the City Auditor's Whistleblower Hotline Activity Report for the Period January 2026 through June 2026; and 2) forwarding to City Council for approval.**Contact:** Farishta Ahrary, City Auditor, (916) 808-7266, fahrery@cityofsacramento.org, Office of the City Auditor**Attachments:** [2026-01455 STAFF REPORT](#)

Discussion Calendar**4. Audit of the Department of Utilities Energy Use: Power Purchase Agreements**

File ID: 2026-01130

Location: Citywide**Recommendation:** Pass a **Motion:** 1) accepting the Audit of the Department of Utilities Energy Use: Power Purchase Agreements; and 2) forwarding to the City Council for approval.**Contact:** Farishta Ahrary, City Auditor, (916) 808-7266, fahrary@cityofsacramento.org; Charles Meadows, Performance Audit Manager, (916) 808-2310, cmeadows@cityofsacramento.org; Office of the City Auditor**Attachments:** [2026-01130 STAFF REPORT](#)**5. Update on Councilmember Proposals Heard by the Budget and Audit Committee**

File ID: 2026-01263

Location: Citywide**Recommendation:** Receive an oral report on Councilmember Proposals that have been heard by the Budget and Audit Committee.**Contact:** Amy Williams, Chief of Staff to the City Manager, (916) 808-5014, awilliams@cityofsacramento.org, City Manager's Office**Attachments:** [2026-01263 STAFF REPORT](#)**Committee Comments-Ideas, Questions and Meeting Reports****Public Comments-Matters Not on the Agenda****Adjournment**

Where to Find the Agenda and Staff Reports: The agenda provides a general description and staff recommendation; however, legislative bodies may take action other than what is recommended.

Watch the Meeting Online: <https://www.youtube.com/user/TheCityofSacramento>

Watch the Meeting on Metro Cable 14.

Archives of past meetings are available at: <https://meetings.cityofsacramento.org>.

Submit Written Comments Online: Written comments received are filed in the record, and will not be read aloud. Members of the public are encouraged to submit public comments electronically through the City's Upcoming Meetings website at <https://publiccomment.cityofsacramento.gov>.

Public Comment Speaker Time Limits: In the interest of facilitating the legislative body's conduct of the business of the City, members of the public (speakers) who wish to address the legislative body during the meeting will have two minutes per item with the maximum of four items. All items on the Consent Calendar are considered one item. Speakers may only speak on four items per meeting.

Notice to Lobbyists: When addressing the legislative body, you must identify yourself as a lobbyist and announce the client/business/organization you are representing.

In compliance with the Americans with Disabilities Act, if you need special assistance, a disability-related modification or accommodation, agenda materials in an alternative format, or auxiliary aids to participate in this meeting, please contact the Office of the City Clerk at (916) 808-7200 as soon as possible. Providing at least 3 business days will help ensure that reasonable arrangements can be made.

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City of Sacramento
Budget and Audit Committee Report
915 I Street Sacramento, CA 95814
www.cityofsacramento.org

File ID: 2026-01317

8/11/2026

Budget and Audit Committee Meeting Minutes

File ID: 2026-01317

Location: Citywide

Recommendation: Pass a **Motion** approving the Budget and Audit Committee meeting minutes dated June 16, 2026.

Contact: Mindy Cuppy, City Clerk, (916) 808-5442, mcuppy@cityofsacramento.org, Office of the City Clerk

Presenter: None

Attachments:

1-Description/Analysis

2-June 16, 2026, Budget and Audit Committee DRAFT Meeting Minutes

Description/Analysis

Issue Detail: It is the best practice for the legislative body to approve the minutes for each meeting.

Policy Considerations: Per City of Sacramento Charter § 33, the City Council shall require the City Clerk to keep a permanent public record of its proceedings showing all action considered and taken, motions and records, the text of ordinances and resolutions introduced or adopted and all amendments thereto proposed or adopted, and the vote of each Council Member regarding any matter before the City Council or any committee thereof.

Economic Impacts: None.

Environmental Considerations: None.

Sustainability: None.

Commission/Committee Action: None.

Rationale for Recommendation: After each Budget and Audit Committee meeting, the City Clerk

composes the DRAFT Minutes noticing the action taken by the legislative body. Those DRAFT Minutes are presented to the Budget and Audit Committee for its approval as a permanent record of the meeting's actions.

Financial Considerations: Not applicable.

Local Business Enterprise (LBE): None.



DRAFT Minutes

Tuesday, June 16, 2026

11:00 AM

Regular Meeting

Council Chamber - 915 I Street, 1st Floor

Budget and Audit Committee

BUDGET AND AUDIT COMMITTEE

Roger Dickinson, Chair, District 2

Karina Talamantes, Vice Chair, District 3

Caity Maple, District 5

Eric Guerra, District 6

COMMITTEE STAFF

Mindy Cuppy, City Clerk

Leyne Milstein, Assistant City Manager

Farishta Ahrary, City Auditor

***Andrea Velasquez, Supervising Deputy
City Attorney***

Open Session

Regular meeting called to order by Chair Dickinson at 11:08 a.m. Tuesday, June 16, 2026, at the Sacramento City Hall Council Chamber.

Members Present: Eric Guerra (at 11:10 a.m.), Caity Maple, Karina Talamantes, and Chair Dickinson.

Land Acknowledgement – Led by Councilmember Maple.

Pledge of Allegiance – Led by Councilmember Maple.

Consent Calendar

All items listed under the Consent Calendar are considered and acted upon by one Motion.

Action: Moved/Seconded: Member Guerra / Member Talamantes.

Yes: Members Eric Guerra, Caity Maple, Karina Talamantes, and Chair Dickinson.

Members of the public provided public comments.

A motion **passed** to adopt the Consent Calendar in one motion except as indicated at each item.

1. Budget and Audit Committee Meeting Minutes

File ID: 2026-01162

Location: Citywide

Action: Passed a **Motion** approving the Budget and Audit Committee meeting minutes dated May 26, 2026.

Contact: Mindy Cuppy, City Clerk, (916) 808-5442, mcuppy@cityofsacramento.org, Office of the City Clerk

Discussion Calendar**2. Audit of the City's Homeless Response: Evaluation of Costs and Outcomes of Sheltering Programs**

File ID: 2026-01128

Location: Citywide**Action:** Moved/Seconded: Member Guerra / Member Talamantes.**Yes:** Members Eric Guerra, Caity Maple, Karina Talamantes, and Chair Dickinson.

Members of the public provided public comments.

Passed a **Motion:** 1) accepting the Audit of the City's Homeless Response: Evaluation of Costs and Outcomes of Sheltering Programs; and 2) forwarding to the City Council for approval.

Contact: Farishta Ahrary, City Auditor, (916) 808-7266, fahrary@cityofsacramento.org, Office of the City Auditor

3. Proposed Update to the City Auditor's Fiscal Year 2026/27 Work Plan

File ID: 2026-01237

Location: Citywide**Action:** Moved/Seconded: Member Talamantes / Member Maple.**Yes:** Members Eric Guerra, Caity Maple, Karina Talamantes, and Chair Dickinson.

Reviewed new audit request and passed a **Motion:** 1) updating the City Auditor's Fiscal Year 2026/27 Work Plan; and 2) forwarding to the City Council for final approval.

Contact: Farishta Ahrary, City Auditor, (916) 808-7266, fahrary@cityofsacramento.org, Office of the City Auditor

Committee Comments-Ideas, Questions and Meeting Reports

None.

Public Comments-Matters Not on the Agenda

Members of the public provided public comments.

Adjourned – 12:41 p.m.

Where to Find the Agenda and Staff Reports: The agenda provides a general description and staff recommendation; however, legislative bodies may take action other than what is recommended. Full staff reports are available at <https://meetings.cityofsacramento.org>.

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Submit Written Comments Online: Written comments received are distributed to members, filed in the record, and will not be read aloud. Members of the public are encouraged to submit public comments electronically via eComment through the City's Upcoming Meetings website at <https://meetings.cityofsacramento.org>.

Public Comment Speaker Time Limits: In the interest of facilitating the legislative body's conduct of the business of the City, members of the public (speakers) who wish to address the legislative body during the meeting will have two minutes per speaker for Consent Calendar Items, Public Hearing Items, Discussion Calendar Items, and Matters not on the Agenda for a maximum total of eight minutes per speaker per meeting. Each speaker shall limit his/her remarks to the specified time allotment.

Notice to Lobbyists: When addressing the legislative body, you must identify yourself as a lobbyist and announce the client/business/organization you are representing.

Assistance: In compliance with the Americans with Disabilities Act, if you need special assistance, a disability-related modification or accommodation, agenda materials in an alternative format, or auxiliary aids to participate in this meeting, please contact the Office of the City Clerk at 916-808 7200 or clerk@cityofsacramento.org as soon as possible. Providing at least 72 hours' notice will help ensure that reasonable arrangements can be made.

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File ID: 2026-01452

8/11/2026

City Auditor's Activity Report for the 4th Quarter of Fiscal Year (FY) 2025/26

File ID: 2026-01452

Location: Citywide

Recommendation: Pass a **Motion:** 1) accepting the City Auditor's Activity Report for the 4th Quarter of Fiscal Year (FY) 2025/26; and 2) forwarding to City Council for approval.

Contact: Farishta Ahrary, City Auditor, (916) 808-7266, fahrary@cityofsacramento.org, Office of the City Auditor

Presenter: None

Attachments:

1-Description/Analysis

2-City Auditor's Activity Report for the 4th Quarter of FY2025/26

Description/Analysis

Issue Detail: According to the Council Rules of Procedure, the Budget and Audit Committee shall receive, review, and forward to the City Council as appropriate, reports, recommendations, and updates from the City Auditor. This report documents the City Auditor's Activity Report for the 4th Quarter of FY2025/26.

Policy Considerations: The City Auditor's Activity Report for the 4th Quarter of FY2025/26 is consistent with the Mayor and the City Council's intent to have an independent audit function for the City of Sacramento.

Economic Impacts: None.

Environmental Considerations: None.

Sustainability: None.

Commission/Committee Action: None.

Rationale for Recommendation: This staff report provides the Budget and Audit Committee with information that may be used to meet its responsibility to provide oversight and supervision of the City Auditor.

Financial Considerations: The costs of the projects listed in the Activity Report were mostly funded out of the Office of the City Auditor Budget in the applicable fiscal year.

Local Business Enterprise (LBE): None.

QUARTERLY ACTIVITY REPORT

Fourth Quarter of Fiscal Year 2025/26

City of
SACRAMENTO
Office of the City Auditor

Introduction

The Quarterly Activity Report highlights the activities of the Office of the City Auditor for the fourth quarter of fiscal year (FY) 2025/26. This report also identifies the status of the City Auditor's *Fiscal Year 2025/26 Work Plan* projects.

Reports Issued During the Fourth Quarter of FY 2024/25

The Office of the City Auditor issued several reports during the fourth quarter of FY 2025/26.



Audit of the City's Homeless Response: Evaluation of Costs and Outcomes of Shelters



City's Homeless Sheltering Programs - Fact Book



Audit of Emergency Medical Services



City Auditor's Fiscal Year 2026/27 Revised Work Plan



Audit of Police Department's Traffic Stop Practices: Audit Scope Proposal



2025 Audit of the City Employees' Workforce Diversity and Salary Trends



Audit of the Sacramento Police Department Evidence and Property Section



Third Quarter Activity Report for Fiscal Year 2025/26



City Auditor's Semi-Annual Recommendation Follow-Up Report: July - December 2025

Other Highlights

The following highlights other activities of the Office of the City Auditor for this reporting period.



Fiscal Year 2026/27 Work Plan Approved

The Office updated the *Fiscal Year 2026/27 Work Plan* to incorporate a newly requested audit, that was presented to and approved by the City Council.



DEI Efforts

The Office's Racial and Gender Equity Action Plan (RGEAP) Team continued to work towards the Citywide coordinated strategic work plan focused on workforce equity.



Whistleblower Hotline

The Office received and processed a number of whistleblower allegations.



Projects Initiated

The Office initiated *The Audit of City Radio Systems*.



Association of Local Government Auditors Conference

Chevelle Jackson and ***Farishta Ahrary*** attended the 2026 Association of Local Government Auditors' Annual Conference in Cleveland, OH to further develop their knowledge base and skills. ***Farishta Ahrary*** led two sessions during the conference.



Community Collaboration

The Office finalized discussions with California State University, Sacramento to establish a summer internship program. The program will provide two students with learning opportunities, practical experience, and exposure to the auditing field through work with our office. This quarter, we had our first intern, ***Rhiannon Morales***, start.



Staff Presentation

Audit staff presented the *Audit of the Sacramento Police Department's Property and Evidence Division* to the Sacramento Community Police Commission.

FY 2025/26 Work Plan Assignments In-Progress

The following highlights the status of the *Fiscal Year 2025/26 Work Plan* assignments in-progress.



Audit of the Department of Utilities' Energy Use

This audit is currently in the Report Writing phase. We separated this project into two parts, a review of the DOU's renewable energy initiatives and an analysis of DOU's fleet's zero-emission vehicle requirements. The first part of this audit will evaluate the Department of Utilities' renewable energy initiatives by reviewing costs, compliance, vendor performance, and contractual obligations related to power purchase agreements (PPAs) and the Sacramento Municipal Utility District (SMUD) SolarShares Program. The second part will review zero-emission vehicle requirements and DOU's vehicle replacement efforts. During the reporting period, we completed our analysis of PPAs and the City's participation in the SolarShares program, prepared and submitted the draft audit report to DOU for review, and began our quality control procedures.



Audit of the Transient Occupancy Tax

This audit is in the Report Writing phase. The audit team is finalizing the testing plan and completing the remaining fieldwork. Report drafting is underway, with the report outline completed and findings, conclusions, and recommendations being refined through ongoing team discussions.



Review of the Department of Utilities' Storm Drainage Fund

This review will analyze the fiscal sustainability of the Storm Drainage Fund, including the new Storm Drainage Property Fee, and forecast future revenues based on various scenarios, including potential rate increases. During this reporting period, the team completed its system assessment, valuation, and fiscal forecasting activities, and submitted the draft report to DOU for review.



Audit of the City's Complaint Investigation and Resolution Practices

This audit is in the Preliminary Survey phase and will evaluate the City's processes and procedures related to Equal Employment Opportunity (EEO) complaint intake, investigation, and disposition. During this period, we met with EEO staff, reviewed relevant laws, regulations, and authoritative standards, and gathered historical, organizational, and financial information regarding the audit.

FY 2024/25 Work Plan Assignments In-Progress (Continued)



Potential Cost Savings and Revenue Recovery Audit Services – Utility Cost Recovery Audit

This project entails entering into a contingency contract with a vendor to conduct third-party audits to potentially identify cost savings and/or other audits to recover potential past taxes or any other monies or revenue owed to the City that were not properly attributed to the City or were not properly paid/collected and to determine potential future taxes and other monies owed to the City not previously counted. During this reporting period, we participated in meetings with the vendor to review cost-saving recommendations for telecommunication lines, including more cost-effective plan options and billing errors. We also discussed with Information Technology staff which recommendations may be promptly implemented.



Audit of City Radio Systems

This project was initiated near the end of the reporting period and will evaluate the cost effectiveness and long-term sustainability of the City's legacy radio system by analyzing its total cost of ownership and comparing these costs with those of alternative communication. This audit will also assess whether the aging radio infrastructure effectively supports the operational and public safety needs of City departments and identify related risks.

City of Sacramento
Budget and Audit Committee Report
915 I Street Sacramento, CA 95814
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File ID: 2026-01455

8/11/2026

City Auditor's Whistleblower Hotline Activity Report for the Period January 2026 through June 2026

File ID: 2026-01455

Location: Citywide

Recommendation: Pass a **Motion:** 1) accepting the City Auditor's Whistleblower Hotline Activity Report for the Period January 2026 through June 2026; and 2) forwarding to City Council for approval.

Contact: Farishta Ahrary, City Auditor, (916) 808-7266, fahrary@cityofsacramento.org, Office of the City Auditor

Presenter: None

Attachments:

1-Description/Analysis

2-City Auditor's Whistleblower Hotline Activity Report for the Period January 2026 through June 2026

Description/Analysis

Issue Detail: According to the City Council Rules of Procedures, the Budget and Audit Committee shall receive, review and forward to the Council as appropriate, reports, recommendations, and updates from the City Auditor. This report documents the City Auditor's Whistleblower Hotline Activity Report for the Period January 2026 through June 2026.

Policy Considerations: The City Auditor's presentation of the City Auditor's Whistleblower Hotline Activity Report is consistent with the Mayor and City Council's intent to have an independent audit function for the City of Sacramento.

Economic Impacts: None.

Environmental Considerations: None.

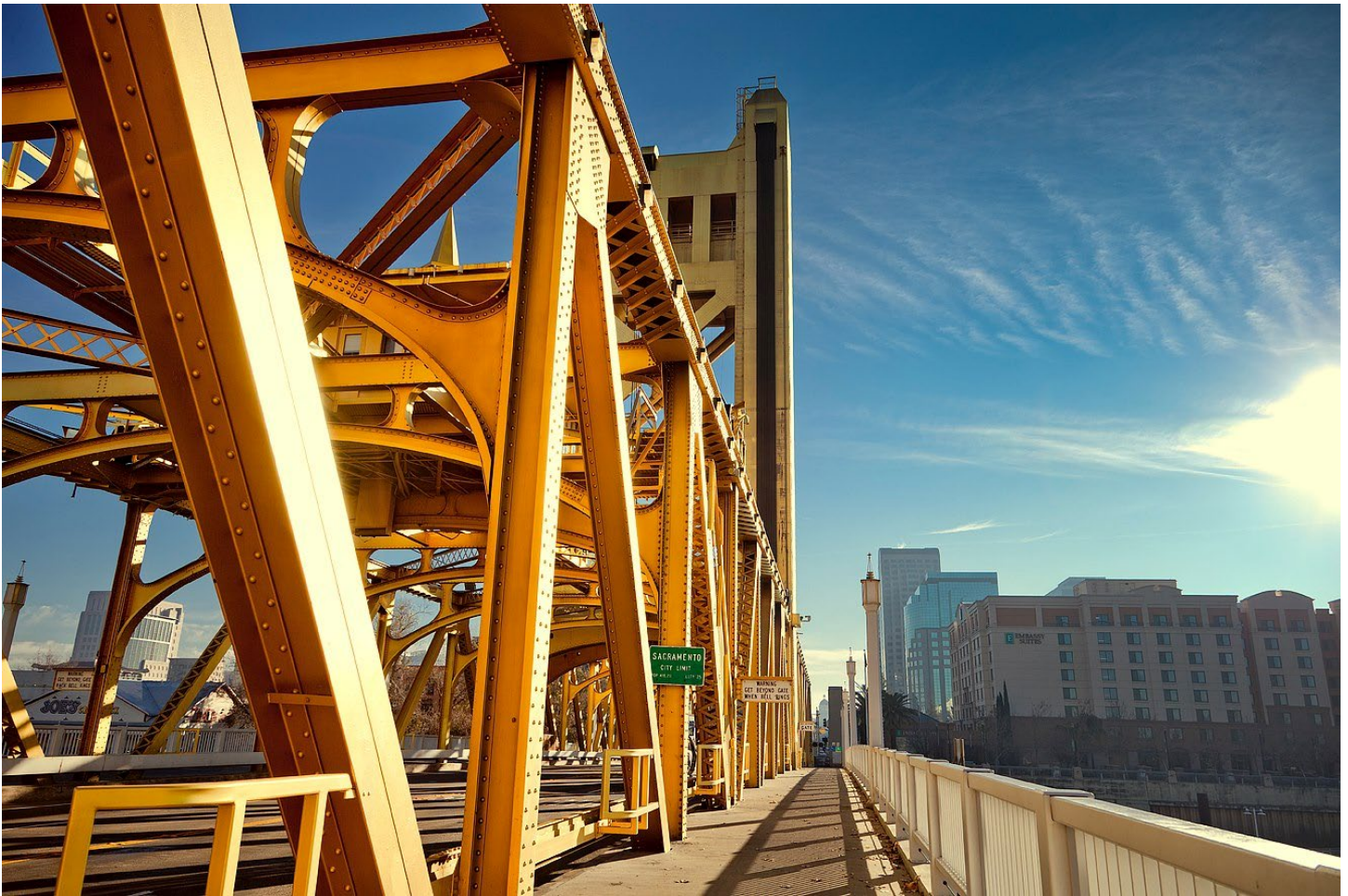
Sustainability: None.

Commission/Committee Action: None.

Rationale for Recommendation: This staff report provides the Budget and Audit Committee with information that may be used to meet its responsibility to provide oversight and supervision of the City Auditor.

Financial Considerations: The costs of the City Auditor's Whistleblower Hotline Activity Report were funded out of the Office of the City Auditor Budget.

Local Business Enterprise (LBE): No goods or services are being purchased as a result of this report.



City Auditor's Whistleblower Hotline Activity Report: January - June 2026

Farishta Ahrary, City Auditor

Investigative Audits Division

August 2026

2026/27-03



City of
SACRAMENTO
Office of the City Auditor



Our Mission

To provide a catalyst for improvements of municipal operations and promote a credible, efficient, effective, equitable, fair, focused, transparent, and fully accountable City government.

Our Vision

To improve City services by providing independent, objective, and reliable information regarding the City's ability to meet its goals and objectives and establish an adequate system of internal controls, root out improper governmental activities (i.e., fraud, waste, or abuse), and address racial, gender, and ethnic inequities.

Suggest an Audit

The Office of the City Auditor conducts performance audits of the City of Sacramento's operations to determine whether these operations and programs are operating efficiently and effectively. If you would like to offer ideas for audits to save the City money, increase revenues, or improve the efficiency and effectiveness of City operations and programs, please fill out our online form:

https://sacramento.formstack.com/forms/oca_suggest_an_audit_form

Whistleblower Hotline

In the interest of public accountability and being responsible stewards of public funds, the City has established a whistleblower hotline. The hotline protects the anonymity of those leaving tips to the extent permitted by law. The service is available 24 hours a day, 7 days week, 365 days per year. Through this service, all phone calls and emails will be received anonymously by third party staff.

Report online at <http://www.cityofsacramento.ethicspoint.com> or call
toll-free: 888-245-8859.

The City of Sacramento's Office of the City Auditor can be contacted by phone at 916-808-1166 or at the address below:

915 I Street
MC09100
Historic City Hall, Floor 2
Sacramento, CA 95814

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Whistleblower Hotline Activity Report: January - June 2026

Open Cases as
of January 1,
2026

21

Cases Received
During the Period

109

Cases Closed
During the Period

114

Open Cases as
of July 1, 2026

16

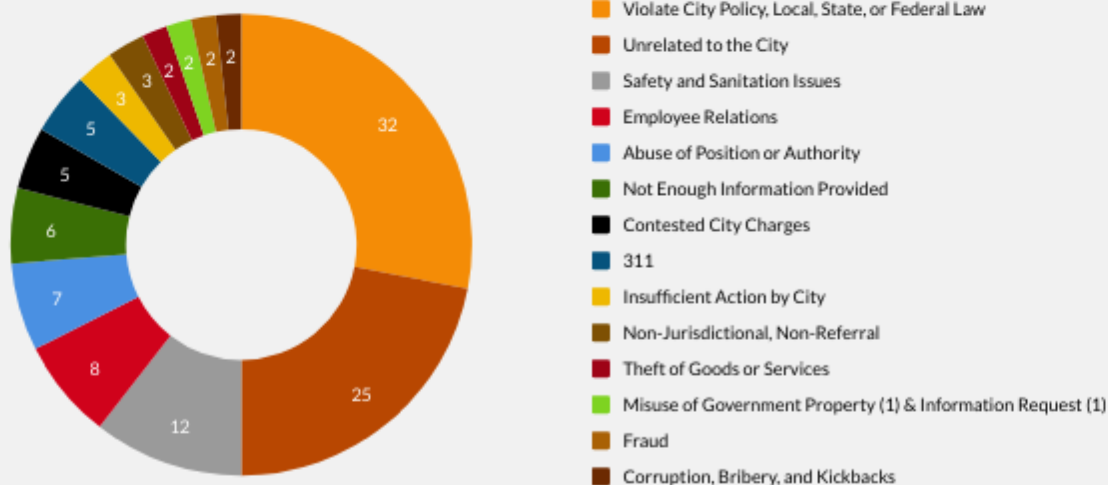
Priority of Closed Cases



Disposition of Closed Cases



Types of Allegations in Closed Cases



Since 2012, the City of Sacramento's Whistleblower Hotline has received more than **2,000** allegations with an estimated benefit of more than **\$1.0 million**.

To report fraud, waste, or abuse to the Office of the City Auditor, please call toll-free **1-888-245-8859** or submit the concern online at **www.cityofsacramento.ethicspoint.com**

Whistleblower Hotline Program

The City Auditor's Whistleblower Hotline promotes good government by providing City employees and members of the public with a way to report allegations of improper government activities, defined as fraud, waste, or abuse. California Government Code 53087.6 defines fraud, waste, or abuse in the context of a Whistleblower program as

“...any activity by a local agency, employee, or contractor or subcontractor that may be in violation of any local, state, or federal law, ordinance, or regulation relating to corruption, malfeasance, bribery, theft of government property, fraudulent claims, fraud, coercion, conversion, malicious prosecution, misuse or misappropriation of government property, funds, or resources, or willful omission to perform a duty, is economically wasteful, or involves gross misconduct.”

This report contains the disposition of alleged improper government activity reported through the City's Whistleblower Hotline from July through December 2025; disposition is listed for cases that were closed during the reporting period. Additionally, this report provides a high-level description of how the City's Whistleblower Hotline operates; additional details can be found in the City Auditor's Policies and Procedures Manual.¹

Contact the City's Whistleblower Hotline

City staff or members of the public may submit reports by calling the Whistleblower Hotline's toll-free number [1-888-245-8859](tel:1-888-245-8859) or online at www.cityofsacramento.ethicspoint.com. City staff or members of the public may also submit whistleblower reports directly to any Auditor in person, over the phone, by voicemail, by e-mail, or by mail. The identity of those who provide whistleblower information will be kept confidential to the extent permitted by law unless the individual waives confidentiality in writing.

Sacramento Office of the City Auditor
915 "I" Street
Historic City Hall, 2nd floor
Sacramento, CA 95814

Whistleblower Protection Policy

The City's Whistleblower Protection Policy states “No City official or employee shall take retaliatory action against any employee who, in good faith, has made a complaint or allegation concerning improper governmental action.” The policy defines retaliatory action as “any adverse change in an employee employment status or the terms and conditions of employment resulting from an employee's good faith complaint or allegation of an improper governmental action.”

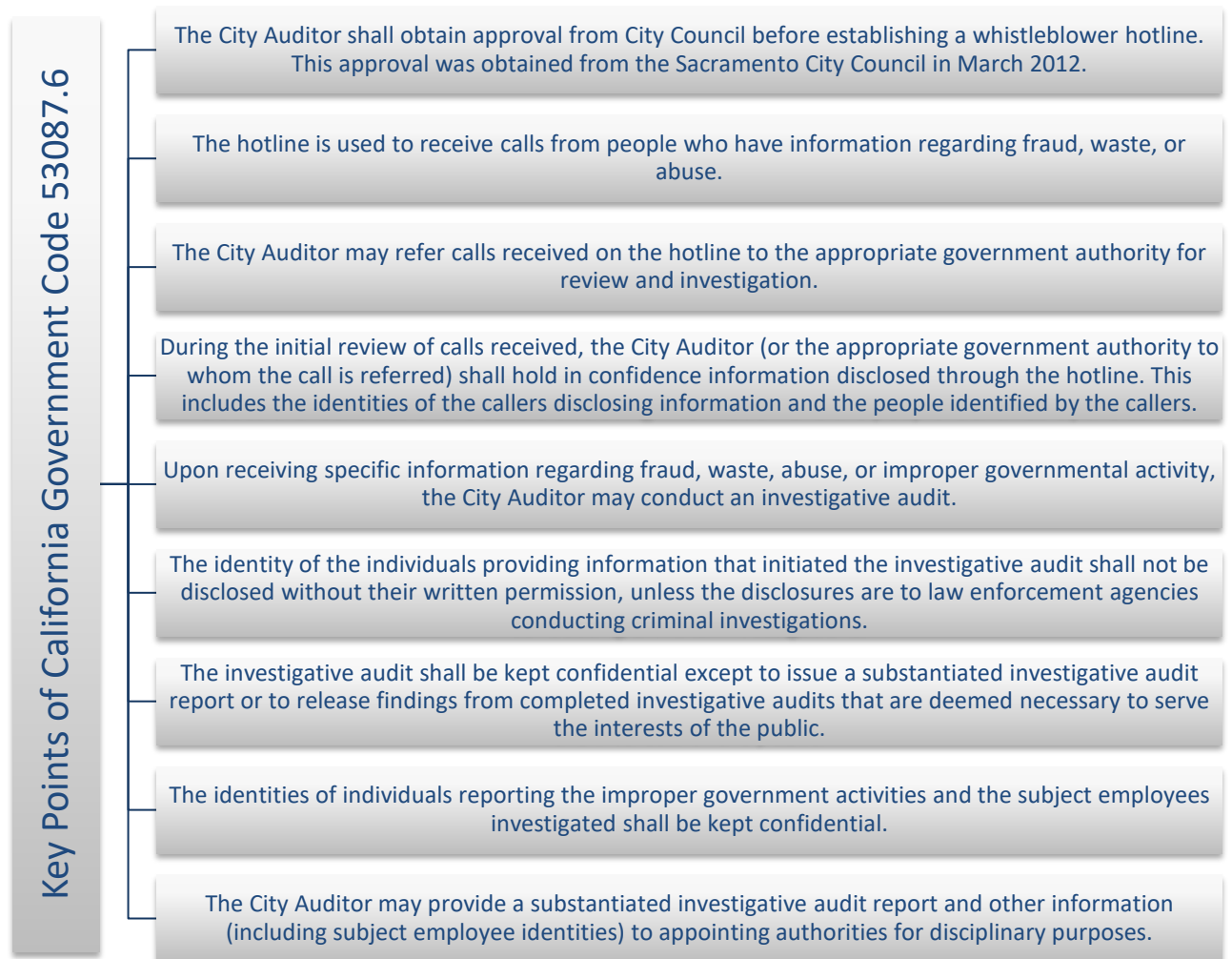
¹ <https://www.cityofsacramento.gov/content/dam/portal/auditor/Policies-and-Procedures/City%20Auditor%27s%20Policies%20and%20Procedures.pdf>

The City Auditor's Independence, Authority, and Responsibility

The Auditor reports directly to the Mayor and City Council, and is independent of other City departments and agencies. This independence reduces the threat of coercion, influence, or conflict of interest during investigative audits.

California Government Code Section 53087.6 authorizes the City to create a whistleblower hotline to receive calls from persons who have information regarding fraud, waste, or abuse or improper governmental activity. Under this authority, City Code 2.18.050.B requires the Auditor to manage the City's Whistleblower Hotline and determine if allegations of fraud, waste, abuse, or illegal acts need further investigation. Key points of Government Code section 53087.6 are outlined in Exhibit 1.

Exhibit 1: Key Points of California Government Code Section 53087.6



Understanding the Investigative Audit and Referral Process

While California law sets certain requirements for establishing and managing a whistleblower hotline, local auditors have broad discretion in how to operate their programs. The Auditor thoroughly reviews each allegation submitted through the Whistleblower Hotline and determines the appropriate avenue for resolution. While this may result in office staff conducting investigative audits, in certain circumstances, it may instead be appropriate to refer allegations to other City departments for investigation.

Upon completion of an investigative audit which substantiates an allegation, an investigative summary will be prepared for inclusion in the semi-annual Whistleblower Activity Report. State law mandates that, even in the event of a substantiated allegation, personnel information is to remain confidential.

Allegations Covered by Other City Departments

The intent of establishing a Whistleblower Hotline is not to replace or limit other reporting options, as some allegations are more appropriately investigated by other City departments or offices. For example, many Human Resources-related issues should be reported to the appropriate Human Resources staff; labor grievances, allegations of workplace discrimination, and workers' compensation claims should be reported using City procedures established for that purpose. Similarly, complainants may need to report legal issues to the City Attorney's Office or code enforcement violations to the Community Development Department.

As appropriate, the Auditor will refer cases to other City departments or offices.² However, it may still be appropriate for staff to gather initial information to better understand issues involved and to review the outcomes, responses, and investigation documents from other City departments or offices to ensure the allegations were addressed.

Allegations Covered by Non-City Agencies

As California's state capital and the Sacramento County seat, the City of Sacramento is home to numerous federal, state, and county agencies. As a result, some complaints made to the City's Whistleblower Hotline may be partly or solely related to government agencies external to the City of Sacramento.

Allegations involving an external government agency or employee will be referred in whole or in part to the most appropriate government entity.³ Complaint investigation services are available at many government agencies and may include fraud, waste, and abuse whistleblower programs, internal affairs programs, judicial oversight authorities, offices of professional responsibility, etc.

² See Appendix A for contact information for various City departments and divisions, such as the Equal Employment Office, Labor Relations Division, the Risk Management Division, the City Attorney's Office, and the Sacramento Ethics Commission.

³ See Appendix B for contact information for various government agencies such as the California State Auditor, the Sacramento County Auditor-Controller, and the California Office of the Attorney General.

Whistleblower Procedures Prioritize High-Risk Allegations

Due to the Auditor's limited staff and its main responsibility to conduct performance audits, research, and analysis in accordance with the City Council-approved workplan, conducting full investigative audits of all allegations is not feasible. Instead, the Auditor applies a risk-based approach to investigate whistleblower allegations to focus investigative efforts on those allegations that represent the greatest risk or loss to the City. The following guidance applies when rating allegations:

High Priority

Allegations may be considered high priority if they include a health, safety, or welfare concern, loss⁴ to the City of more than \$75,000, criminal activity resulting in a loss of at least \$400, high-level involvement, collusion of multiple wrongdoers, major department-wide issue, or need for immediate action to stop a potentially major issue. Addressing these items could take priority over other investigations and audits, at the Auditor's discretion.

Medium Priority

This category includes loss to the City of more than \$25,000, abuse of authority, medium to low-level employee involvement, minor department-wide issues, or patterns of small problems that could become serious when aggregated. Some medium-priority items could be referred to a department for their review.

Low Priority

This category includes loss to the City of less than \$25,000, isolated instances of time abuse, wasteful practices that would lead to limited gains in efficiencies if corrected, or allegations that lack credibility and evidence. The office would aim to investigate items in this category but may not do so because of limited resources. However, if the same or similar issues were reported multiple times, low-priority items may become a higher priority. Additionally, some low-priority allegations could be referred to a department for their review.

Unrelated to the City

Some allegations received through the Whistleblower Hotline do not involve City departments or employees. The Auditor assesses these allegations for any City involvement. If no City involvement can be determined, those allegations are closed as "Unrelated to the City"; some allegations not related to the City are referred to other jurisdictions.

⁴ Loss could entail actual or potential loss of money, waste, or inefficiencies.

Whistleblower Hotline Dashboards

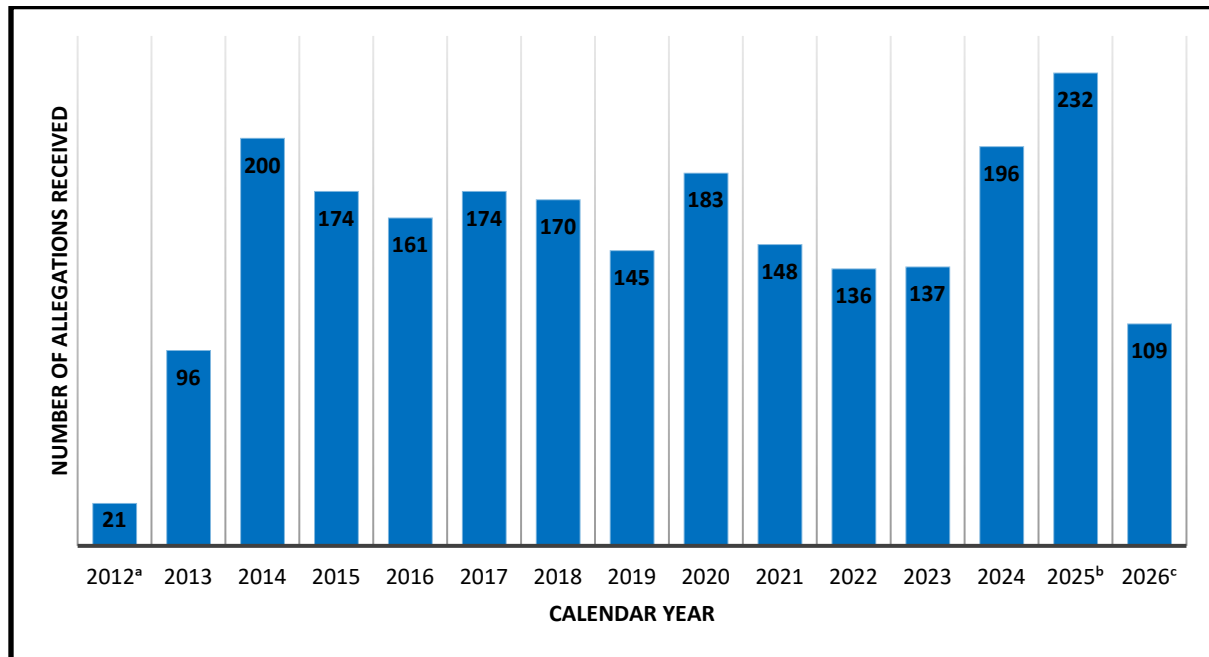
The Auditor maintains several Whistleblower Hotline dashboards on its public website. City Officials and the public can use these dashboards to see statistics on the types of cases received through the City's Whistleblower Hotline, the disposition of closed cases, brief descriptions of substantiated cases, actions taken on substantiated cases, and the monetary benefit of the hotline. The dashboards are typically updated semi-annually with the release of each Whistleblower Hotline Activity Report and can be found at: <https://www.cityofsacramento.gov/auditor/our-reports/whistleblower-activity>

Status of Investigations

Annual Number of Whistleblower Allegations Received (2012–2026)

Since the hotline's inception in 2012, the Auditor has received more than 2,000 complaints. Use of the Auditor's Whistleblower Hotline grew significantly in the first few years and has been steady since 2014. Exhibit 2 illustrates the number of allegations received per year since the program's inception.

Exhibit 2: Whistleblower Allegations Received Per Year



^a A report was received in 2011; however, investigation activity did not begin until 2012 following formal approval of the Whistleblower Hotline program.

^b Of the total cases received, 44 resulted from repeated duplicate submissions by a single source and may not accurately reflect typical reporting trends.

^c Denotes a partial year, including January 1, 2026, through June 30, 2026.

114 Cases Were Closed During the Period

At the beginning of the January 2026 through June 2026 reporting period, the Auditor had 21 open cases. During this reporting period, 109 new reports were received through the hotline, and the City Auditor processed and closed 114 cases; 16 cases remained open at the end of the reporting period. Exhibit 3 illustrates the number of closed cases during the period by primary type of allegation.

Exhibit 3: 114 Closed Cases by Primary Type of Allegation

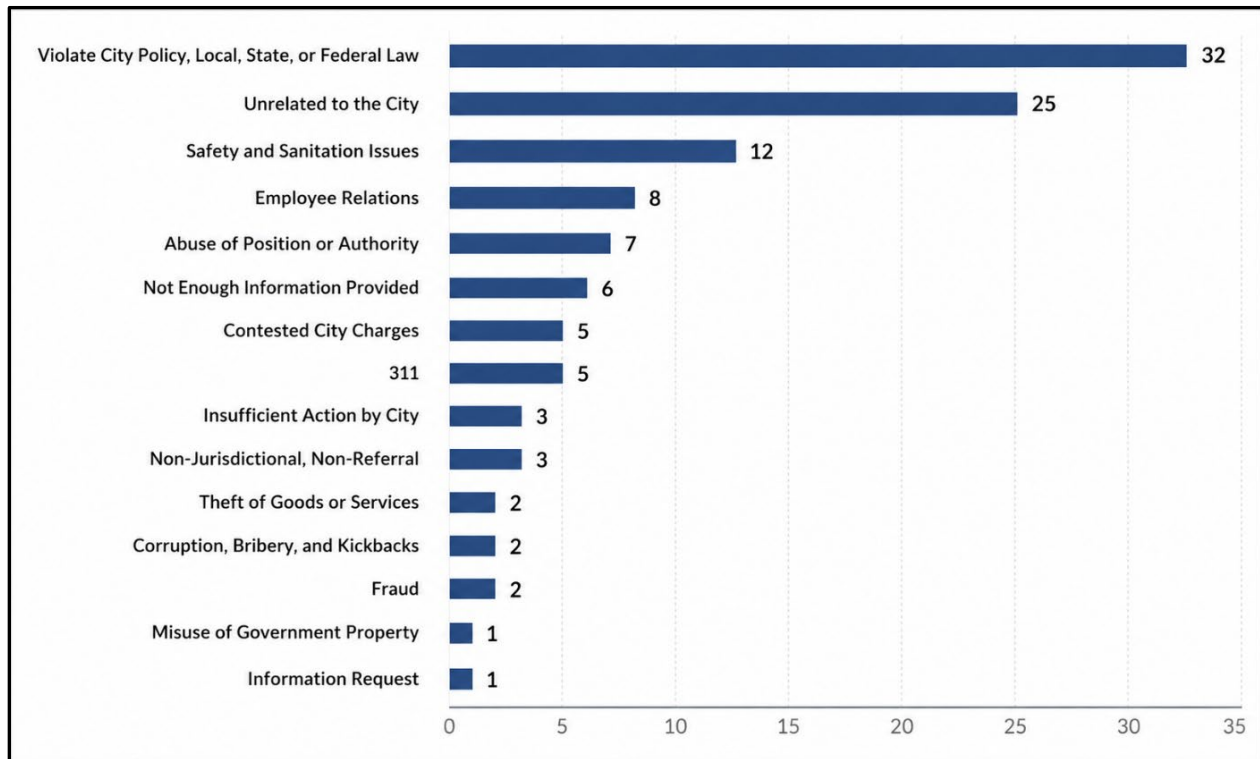


Exhibit 4 provides the primary type of allegation, priority, and disposition of the 114 cases closed during the period.

Exhibit 4: 114 Closed Cases Details Table

Case #	Primary Type of Allegation	Priority	Disposition
2113	Corruption, Bribery, and Kickbacks	Low	Not Enough Information Provided
2144	Violate City Policy, Local, State, or Federal Law	Medium	Unsubstantiated
2152	Abuse of Position or Authority	Low	Unsubstantiated
2155	Abuse of Position or Authority	Low	Unsubstantiated
2158	Fraud	Low	Not Enough Information Provided
2162	Violate City Policy, Local, State, or Federal Law	Medium	Informational Referral
2165	Violate City Policy, Local, State, or Federal Law	Low	Informational Referral
2166	Employee Relations	Medium	Informational Referral
2167	Information Request	Low	Not Enough Information Provided
2168	Insufficient Action by City	Low	Unsubstantiated
2169	Corruption, Bribery, and Kickbacks	Low	Unsubstantiated

Case #	Primary Type of Allegation	Priority	Disposition
2170	Not Enough Information Provided	Low	Not Enough Information Provided
2171	Safety and Sanitation Issues	High	Informational Referral
2172	Not Enough Information Provided	Low	Not Enough Information Provided
2173	Unrelated to the City	Unrelated to the City	Unrelated to the City
2174	Violate City Policy, Local, State, or Federal Law	Low	Informational Referral
2175	Not Enough Information Provided	Low	Not Enough Information Provided
2176	Unrelated to the City	Unrelated to the City	Unrelated to the City
2177	Not Enough Information Provided	Low	Not Enough Information Provided
2178	Abuse of Position or Authority	Low	Unsubstantiated
2179	Safety and Sanitation Issues	Low	Informational Referral
2180	Violate City Policy, Local, State, or Federal Law	Low	Informational Referral
2181	Misuse of Government Property	Low	Investigated and Referred
2182	Unrelated to the City	Unrelated to the City	Unrelated to the City
2183	Violate City Policy, Local, State, or Federal Law	Low	Informational Referral
2184	311	Low	Informational Referral
2185	Unrelated to the City	Unrelated to the City	Unrelated to the City
2186	Employee Relations	Medium	Informational Referral
2187	Not Enough Information Provided	Low	Not Enough Information Provided
2188	Safety and Sanitation Issues	Low	Informational Referral
2189	Safety and Sanitation Issues	Low	Duplicate
2190	Safety and Sanitation Issues	Low	Duplicate
2191	Violate City Policy, Local, State, or Federal Law	Low	Informational Referral
2192	Violate City Policy, Local, State, or Federal Law	Low	Duplicate
2193	Unrelated to the City	Unrelated to the City	Unrelated to the City
2194	Violate City Policy, Local, State, or Federal Law	Low	Informational Referral
2195	Violate City Policy, Local, State, or Federal Law	Low	Informational Referral
2196	Violate City Policy, Local, State, or Federal Law	Low	Resolved Prior To or During Investigation
2197	Unrelated to the City	Unrelated to the City	Unrelated to the City
2198	Safety and Sanitation Issues	Low	Duplicate
2199	Violate City Policy, Local, State, or Federal Law	Low	Informational Referral
2200	Violate City Policy, Local, State, or Federal Law	Low	Duplicate
2201	311	Low	Informational Referral
2202	Violate City Policy, Local, State, or Federal Law	Low	Duplicate
2203	Violate City Policy, Local, State, or Federal Law	Low	Duplicate
2204	Contested City Charges	Low	Resolved Prior To or During Investigation
2205	Violate City Policy, Local, State, or Federal Law	Low	Duplicate
2206	Violate City Policy, Local, State, or Federal Law	High	Informational Referral
2207	Safety and Sanitation Issues	Low	Informational Referral
2209	Violate City Policy, Local, State, or Federal Law	Low	Duplicate
2210	Employee Relations	Low	Unsubstantiated

Case #	Primary Type of Allegation	Priority	Disposition
2211	Violate City Policy, Local, State, or Federal Law	Low	Informational Referral
2212	Employee Relations	Medium	Duplicate
2213	Unrelated to the City	Unrelated to the City	Unrelated to the City
2214	311	Low	Informational Referral
2215	Contested City Charges	Low	Informational Referral
2216	Violate City Policy, Local, State, or Federal Law	Low	Informational Referral
2218	Theft of Goods or Services	Low	Informational Referral
2219	Theft of Goods or Services	Low	Informational Referral
2220	Violate City Policy, Local, State, or Federal Law	Low	Informational Referral
2221	Unrelated to the City	Unrelated to the City	Unrelated to the City
2222	Unrelated to the City	Unrelated to the City	Unrelated to the City
2223	Violate City Policy, Local, State, or Federal Law	Low	Not Enough Information Provided
2224	Violate City Policy, Local, State, or Federal Law	Low	Informational Referral
2225	Employee Relations	Low	Informational Referral
2226	Violate City Policy, Local, State, or Federal Law	Low	Unsubstantiated
2227	Violate City Policy, Local, State, or Federal Law	Low	Informational Referral
2228	Safety and Sanitation Issues	Low	Substantiated and Referred
2230	Contested City Charges	Low	Not Enough Information Provided
2231	Employee Relations	Low	Informational Referral
2232	Violate City Policy, Local, State, or Federal Law	Low	Informational Referral
2233	Unrelated to the City	Unrelated to the City	Unrelated to the City
2234	Contested City Charges	Low	Informational Referral
2235	Unrelated to the City	Unrelated to the City	Unrelated to the City
2236	Unrelated to the City	Unrelated to the City	Unrelated to the City
2237	Unrelated to the City	Unrelated to the City	Unrelated to the City
2238	Unrelated to the City	Unrelated to the City	Unrelated to the City
2239	Unrelated to the City	Unrelated to the City	Unrelated to the City
2240	Violate City Policy, Local, State, or Federal Law	Low	Informational Referral
2241	Violate City Policy, Local, State, or Federal Law	Low	Not Enough Information Provided
2242	Fraud	Low	Not Enough Information Provided
2243	Contested City Charges	Low	Unsubstantiated
2244	Unrelated to the City	Unrelated to the City	Unrelated to the City
2245	Insufficient Action by City	Low	Informational Referral
2247	Violate City Policy, Local, State, or Federal Law	Low	Informational Referral
2248	Employee Relations	Medium	Informational Referral
2249	Insufficient Action by City	Low	Informational Referral
2252	Abuse of Position or Authority	Low	Informational Referral
2253	311	Low	Informational Referral
2254	Unrelated to the City	Unrelated to the City	Unrelated to the City
2256	Violate City Policy, Local, State, or Federal Law	Low	Informational Referral

Case #	Primary Type of Allegation	Priority	Disposition
2257	Abuse of Position or Authority	Low	Duplicate
2258	Abuse of Position or Authority	Low	Unsubstantiated
2259	Violate City Policy, Local, State, or Federal Law	Low	Informational Referral
2260	Violate City Policy, Local, State, or Federal Law	Low	Informational Referral
2261	Unrelated to the City	Unrelated to the City	Unrelated to the City
2263	Unrelated to the City	Unrelated to the City	Unrelated to the City
2264	311	Low	Informational Referral
2265	Abuse of Position or Authority	Low	Informational Referral
2266	Unrelated to the City	Unrelated to the City	Unrelated to the City
2267	Safety and Sanitation Issues	Low	Duplicate
2268	Unrelated to the City	Unrelated to the City	Unrelated to the City
2270	Not Enough Information Provided	Low	Not Enough Information Provided
2271	Safety and Sanitation Issues	Low	Duplicate
2272	Safety and Sanitation Issues	Low	Informational Referral
2273	Non-Jurisdictional, Non-Referral	Low	Non-Jurisdictional, Non-Referral
2274	Non-Jurisdictional, Non-Referral	Low	Non-Jurisdictional, Non-Referral
2275	Unrelated to the City	Unrelated to the City	Unrelated to the City
2276	Employee Relations	Medium	Informational Referral
2277	Unrelated to the City	Unrelated to the City	Unrelated to the City
2278	Unrelated to the City	Unrelated to the City	Unrelated to the City
2279	Non-Jurisdictional, Non-Referral	Low	Non-Jurisdictional, Non-Referral
2281	Unrelated to the City	Unrelated to the City	Unrelated to the City
2284	Safety and Sanitation Issues	Low	Informational Referral

Of the 114 Cases Closed During the Period, One was Substantiated

For cases that are substantiated, the Office of the City Auditor requests departments to report back on actions taken as a result of the investigations and any recommendations made in the investigative audit within 60 days of receiving the completed investigative audit report. Of the 114 cases closed during the reporting period, one allegation was substantiated. Exhibit 5 provides a brief summary of the case and the actions reported by the responsible department.

Exhibit 5: One Allegation was Substantiated During the Period

Case #	Case Summary
2228	We received a complaint regarding the vendor's performance of a Citywide contract. The allegations were handled through the Finance Department. The Department is taking corrective action to address the concerns identified and strengthen oversight to help prevent future incidents.

Appendix A: Contact Information for Various City Departments

- **Risk Management for workers' compensation information:**
916-808-5741
<https://www.cityofsacramento.gov/HR>
- **Risk Management for environmental health and safety programs like OSHA and DOT compliance:**
916-808-5278
<https://www.cityofsacramento.gov/HR>
- **Risk Management for liability claims:**
916-960-0980
<https://www.cityofsacramento.gov/HR/hr-documents-resources>
- **Labor Relations for union grievance procedures:**
916-808-5424
<https://www.cityofsacramento.gov/HR/hr-documents-resources>
- **Equal Employment Opportunity for the grievance procedures alleging discrimination:**
916-808-5825
<https://www.cityofsacramento.gov/HR/equal-employment-opportunity>
- **Other Human Resources related issues:**
916-808-5731
<https://www.cityofsacramento.gov/HR>
- **City Attorney:**
916-808-5346
<https://www.cityofsacramento.gov/attorney>
- **Code Enforcement for neighborhood code, housing and dangerous buildings, business compliance, landscape requirements, rental house standards, and anti-graffiti:**
311 or 916-808-5011 (*inside City limits*)
916-264-5011 (*outside of City limits*)
<https://www.cityofsacramento.gov/information-technology/311>
- **Sacramento Ethics Commission:**
916-808-7200
<https://www.cityofsacramento.gov/clerk/good-governance-and-compliance/filing-an-ethics-complaint>
- **Police for non-emergencies:**
916-808-5471
<https://www.cityofsacramento.gov/police>

Appendix B: Contact Information for Various Non-City Agencies

Jurisdiction	Organization	Reporting	Methods
County of Sacramento	County Auditor-Controller	Fraud Hotline	916-874-7822 audits@saccounty.net Fraud Hotline - Confidential County of Sacramento 10481 Armstrong Ave., Mather, CA 95655 https://www.saccounty.gov/us/en/Fraud-Hotline.html#gsc.tab=0
State of California	California State Auditor	Whistleblower Hotline	800-952-5665 Investigations California State Auditor P.O. Box 1019 Sacramento, CA 95812 https://www.auditor.ca.gov/whistleblower/
Health, Safety, and other complaints against employers	US Department of Labor (OSHA)	Whistleblower Hotline	800-321-OSHA (6742) https://www.whistleblowers.gov/
Consumer Complaints Against a Business	California Office of the Attorney General	Comment/ Complaint Form	https://oag.ca.gov/contact/consumer-complaint-against-business-or-company
Consumer Complaints Against a Business	Better Business Bureau	Complaints	https://www.bbb.org/file-a-complaint
California Attorneys	State Bar of California	Complaints	800-843-9053 http://www.calbar.ca.gov/Public/Complaints-Claims
California Judges	Commission on Judicial Performance	Complaints	Commission on Judicial Performance 455 Golden Gate Avenue, Suite 14400 San Francisco, California 94102 http://cjp.ca.gov/file_a_complaint/

City of Sacramento
Budget and Audit Committee Report
915 I Street Sacramento, CA 95814
www.cityofsacramento.org

File ID: 2026-01130

8/11/2026

Audit of the Department of Utilities Energy Use: Power Purchase Agreements

File ID: 2026-01130

Location: Citywide

Recommendation: Pass a **Motion:** 1) accepting the Audit of the Department of Utilities Energy Use: Power Purchase Agreements; and 2) forwarding to the City Council for approval.

Contact: Farishta Ahrary, City Auditor, (916) 808-7266, fahrary@cityofsacramento.org; Charles Meadows, Performance Audit Manager, (916) 808-2310, cmeadows@cityofsacramento.org; Office of the City Auditor

Presenter: Farishta Ahrary, City Auditor, (916) 808-7266, fahrary@cityofsacramento.org; Charles Meadows, Performance Audit Manager, (916) 808-2310, cmeadows@cityofsacramento.org; Office of the City Auditor

Attachments:

1-Description/Analysis

2-Audit of the Department of Utilities Energy Use: Power Purchase Agreements

3-Presentation

Description/Analysis

Issue Detail: This audit was approved as part of the 2026-27 Work Plan. According to the City Council Rules of Procedures, the Budget and Audit Committee shall receive, review, and forward to the council as appropriate, reports, recommendations, and updates from the City Auditor. This report documents the Audit of the Department of Utilities Energy Use: Power Purchase Agreements.

Policy Considerations: The City Auditor's presentation of the Audit of the Department of Utilities Energy Use: Power Purchase Agreements is consistent with the Mayor and City Council's intent to have an independent audit function for the City of Sacramento.

Economic Impacts: None.

Environmental Considerations: None.

Sustainability: None.

Commission/Committee Action: None.

Rationale for Recommendation: This staff report provides the Budget and Audit Committee with information that may be used to meet its responsibility to provide oversight and supervision of the City Auditor and other City departments.

Financial Considerations: The cost of the Audit of the Department of Utilities Energy Use: Power Purchase Agreements was funded out of the Office of the City Auditor budget.

Local Business Enterprise (LBE): None.

Audit of the Department of Utilities Energy Use: Power Purchase Agreements

Report# 2026/27-02 | August, 2026

Solar power generation through PPAs at EAFWTP and SRWTP helps to reduce energy costs, but DOU must consider its options upon the conclusion of the initial contract term

Although participation has resulted in additional energy costs, the SolarShares program has supported the City's renewable energy goals



City of
SACRAMENTO

Office of the City Auditor

Performance Audit Division

Farishta Ahrary, City Auditor
Kevin Christensen, Assistant City Auditor
Charles Meadows, Performance Audit Manager
Parinaz Nejatie, Fiscal Policy Analyst



Our Mission

To provide a catalyst for improvements of municipal operations and promote a credible, efficient, effective, equitable, fair, focused, transparent, and fully accountable City government.

Our Vision

To improve City services by providing independent, objective, and reliable information regarding the City's ability to meet its goals and objectives and establish an adequate system of internal controls, root out improper governmental activities (i.e., fraud, waste, or abuse), and address racial, gender, and ethnic inequities.

Suggest an Audit

The Office of the City Auditor conducts performance audits of the City of Sacramento's operations to determine whether these operations and programs are operating efficiently and effectively. If you would like to offer ideas for audits to save the City money, increase revenues, or improve the efficiency and effectiveness of City operations and programs, please fill out our online form:

https://forms.cityofsacramento.org/f/Suggest_an_Audit_Form

Whistleblower Hotline

In the interest of public accountability and being responsible stewards of public funds, the City has established a whistleblower hotline. The hotline protects the anonymity of those leaving tips to the extent permitted by law. The service is available 24 hours a day, 7 days week, 365 days per year. Through this service, all phone calls and emails will be received anonymously by third party staff.

Report online at <http://www.cityofsacramento.ethicspoint.com> or call
toll-free: 888-245-8859.

The City of Sacramento's Office of the City Auditor can be contacted by phone at 916-808-1166 or at the address below:

915 I Street
MC09100
Historic City Hall, Floor 2
Sacramento, CA 95814

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AUDIT FACT SHEET

Audit of the Department of Utilities Energy Use: Power Purchase Agreements

August 2026

Report #2026/27-02

RECOMMENDATIONS

We made two recommendations regarding the Department of Utilities use of PPAs and participation in the SolarShares program. Our recommendations included:

Power Purchase Agreement Resolution

- Review and assess DOU's options for disposition of the PPAs including exercising the five-year options to extend the current PPAs, purchasing the existing solar arrays, installing new solar arrays, or removing the arrays altogether; and identifying additional costs or opportunities for cost savings for each of the scenarios noted.

Renewable Energy Goals

- Consider opportunities to identify and use renewable energy sources, working with other City departments as necessary, and with SMUD to identify additional opportunities to participate in emission-reducing energy strategies at EAFWTP and SRWTP.

BACKGROUND

The Department of Utilities provides drinking water, stormwater, and wastewater services to residents throughout the city of Sacramento, and is the largest municipal energy user in the City. Two DOU-specific sites rank among the highest City-owned energy users: the Sacramento River Water Treatment Plant (SRWTP), and E.A. Fairbairn Water Treatment Plant (EAFWTP). To help reduce its carbon footprint, the City has entered into Power Purchase Agreements (PPAs) at multiple sites, including at the two water treatment facilities. The City has agreed to purchase solar energy under on-site PPAs, where the solar power generation infrastructure is installed at the City's property. The City also participates in SMUD's Commercial SolarShares program, by which the City receives credit for solar energy produced by SMUD's solar generation facilities. This audit reviews DOU's PPA agreements to identify costs and benefits. We also analyzed DOU's options for the disposition of the PPA solar infrastructure at the end of the contracts. Finally, we reviewed the costs and benefits associated with the DOU sites' participation in the Commercial SolarShares program.

FINDINGS

Finding 1: Solar Power Generation Through PPAs at EAFWTP and SRWTP Helps to Reduce Energy Costs, but DOU Must Consider its Options Upon the Conclusion of the Initial Contract Term.

- From 2021 through 2025, we estimate the City saved more than \$603,000 in energy costs at EAFWTP and SRWTP. These 20-year agreements end in 2031 and 2032, respectively, and DOU must consider its options for disposition of the PPAs: DOU can exercise the five-year option to extend the PPAs, purchase the existing solar arrays, install new solar arrays, or remove the solar arrays from its facilities.

Finding 2: Although Participation has Resulted in Additional Energy Costs, the SolarShares Program has Supported the City's Renewable Energy Goals.

- DOU's Water Treatment Plants make up 28 percent of the City's Commercial SolarShares program yearly allocation, making them two of the largest City participants in the program. Through December 2025, the sites' participation in the SolarShares program has resulted in additional energy costs of more than \$623,000 combined. Through the SolarShares program, the sites have received credit for almost 64 million kWh of solar energy, allowing the City to avoid producing more than 32,000 metric tons of carbon dioxide equivalent and helping to meet the City's renewable energy goals.

Glossary of Terms and Abbreviations

2040 General Plan – Sacramento’s long-term blueprint for development, climate resilience, and equitable growth projected to the year 2040

CAAP – City of Sacramento’s Climate Action and Adaptation Plan; along with the 2040 General Plan, it is the City’s strategic roadmap to reduce greenhouse gas emissions and prepare the community for the impacts of climate change

City – City of Sacramento

DOU – City of Sacramento’s Department of Utilities

DPW – City of Sacramento’s Department of Public Works

EAFWTP – E.A. Fairbairn Water Treatment Plant

GHG – greenhouse gas(es), gases that can trap heat from the sun near the Earth’s surface

kWh – kilowatt-hour, a unit of energy equal to outputting one thousand watts for one hour

MW – megawatt, a unit of power equal to one million watts (or 1000 kilowatts)

MTCO_{2e} – metric tons of carbon dioxide equivalent

PPA – Power Purchase Agreement

PV – photovoltaic cells, semiconductor devices that convert sunlight directly into electricity

SMUD – Sacramento Municipal Utility District

Solar Array – a collection of solar panels at a site

Solar Panel(s) – a collection of interconnected photovoltaic cells

Solar Generation System – the complete set of equipment used to generate electricity from solar energy, including solar panels, inverters, transformers, electrical wiring, and other supporting components

SRWTP – Sacramento River Water Treatment Plant

Introduction

In accordance with the City Auditor's Fiscal Year 2025/26 Work Plan, we have completed the Audit of the Department of Utilities Energy Use: Power Purchase Agreements. We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The City Auditor's Office would like to thank the Department of Utilities, the Department of Public Works, and Sacramento Municipal Utility District for their collaboration during the audit process.

Background

The impacts of climate change pose an immediate and growing threat to California's economy, environment, and to public health. The Sacramento region has experienced and is expected to continue experiencing the effects of climate change in various ways, including increased likelihood of droughts, flooding, wildfires, heat waves, and increasingly severe weather patterns.

The Department of Utilities (DOU) provides drinking water, stormwater, and wastewater services to residents throughout the city of Sacramento. As discussed below, DOU is the largest municipal user of energy in the city. Recognizing its responsibility, the City has been intentional about reducing its environmental impact, pursuing cleaner energy as part of a broader commitment to sustainability. DOU has also deployed various energy strategies to minimize the City's carbon footprint.

Sacramento Municipal Utility District (SMUD) is Sacramento's community-owned electric utility and has served Sacramento since 1946. SMUD is responsible for the acquisition, generation, transmission and distribution of electricity to customers such as the City of Sacramento. SMUD serves an area of 900 square miles that includes most of Sacramento County. SMUD serves a population of approximately 1.5 million with a total annual retail load of approximately 12.565 million megawatt-hours. SMUD generates 1,771 megawatts (MW) of power and buys 1,483 MW of power to meet the region's power demands. As such, SMUD and the City are partners in reaching the sustainability goals of each entity.

Relevant Laws and Regulations

The City's commitment to reducing its carbon footprint reflects not only local values but also a response to a growing body of state environmental requirements that guide how municipalities approach energy procurement and sustainability. Since 2005, the California government has enacted several environmental protection laws aiming to reduce emissions by 2050. The following figure provides an overview of key legislation and executive orders that inform the City and DOU's current green energy goals, including reduction of greenhouse gases (GHG) emissions.

Figure 1: Summary of Pertinent Environmental Legislation Purpose and Goals

Legislation/Order	Year	Purpose	Goals
Executive Order S-3-05	2005	Set GHG reduction targets	Reduce GHG emissions to 2000 levels by 2010, 1990 levels by 2020, 80 percent below 1990 levels by 2050
Assembly Bill 32	2006	State GHG reduction	Reduce GHG to 1990 levels by 2020, further reductions thereafter
Executive Order B-30-15	2015	Climate adaptation	Factor climate change in planning and investment decisions
Senate Bill 100	2018	100 percent zero-carbon electricity goal	100 percent clean electricity by 2045, Renewables Portfolio Standard ¹ to 50 percent by 2026, 60 percent by 2030

Source: Auditor generated based on relevant laws.

This broader legislation informs guidelines developed by the City and implemented at the department level to support compliance with environmental goals. As described in greater detail below, several City-level efforts have been taken by DOU to implement programs to meet these goals.

City Policies related to Sustainability and Green Efforts

The City, and in particular DOU, plays a key role in mitigating GHG emissions. DOU's green energy strategy is promulgated by the 2040 General Plan² and the Climate Action and Adaptation Plan (CAAP)³. The General Plan aims to encourage the use of renewable energy systems with the goal of converting existing buildings to carbon-free electricity use by 2045, eliminating more than 380,000 metric tons of carbon dioxide equivalent (MTCO_{2e}) in that timeframe. The CAAP further illustrates the goal to reduce MTCO_{2e}, from 7.25 per person in 2016 by half to 3.63 MTCO_{2e} per person in 2030, and finally to zero by 2045, as depicted in the figure below.

¹ Renewables Portfolio Standard is a California regulation requiring electricity providers to obtain a specified percentage of their electricity from eligible renewable energy sources.

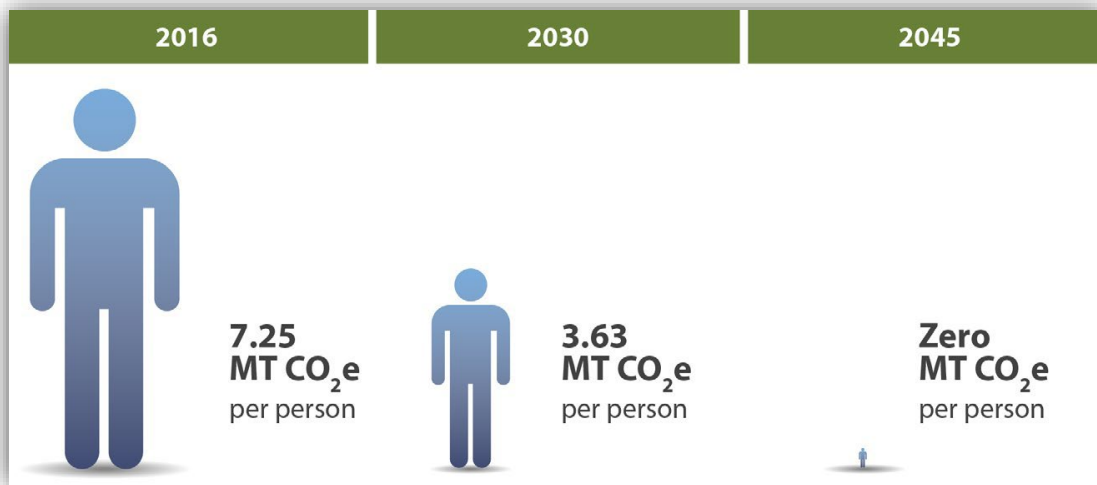
² The City's 2040 General plan can be found here:

https://www.cityofsacramento.gov/content/dam/portal/cdd/Planning/Long-Range/general-plan-2040/Adopted%202040%20General%20Plan_20240227_full_Amended_20251118.pdf

³ The City's Climate Action and Adaptation Plan can be found at this address:

https://www.cityofsacramento.gov/content/dam/portal/cdd/Planning/Long-Range/Climate-Action-Plan/18-06051_Sac%20CAAP_Digital%20-%20Final%20Adopted%20FEB272024.pdf

Figure 2: City's Climate Action Targets Through 2045 (per capita)



Source: City of Sacramento CAAP, page 37.

As part of the action plan, the City considered its strategy to reduce GHG emissions for water and wastewater, which are driven by electricity usage for water conveyance. The City's stated measures are to reduce water utility emissions by 100 percent by 2030 and reduce wastewater emissions by 22 percent by 2030. The City's *2019 Municipal Energy Benchmarking Report* shows that DOU plays a large role in helping the City to meet these goals, as DOU makes up 48 percent of the City's municipal energy use, and 45 percent of the City's energy costs. This indicates that any reductions in GHG emissions made by DOU, especially at the water facilities, will have an outsized impact on the City's GHG reduction goals overall.

Figure 3: Percentage of City's Energy Use and Cost by Department, 2019

Figure 4. 2019 Total Energy Use (MMBtu)

This pie chart represents the portion each City department contributed towards the City's total energy use at City facilities in 2019. This includes SMUD-sourced electricity, PG&E-powered natural gas, and on-site solar electricity

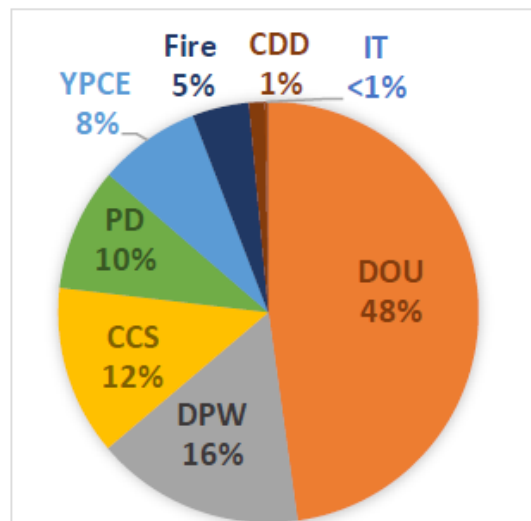
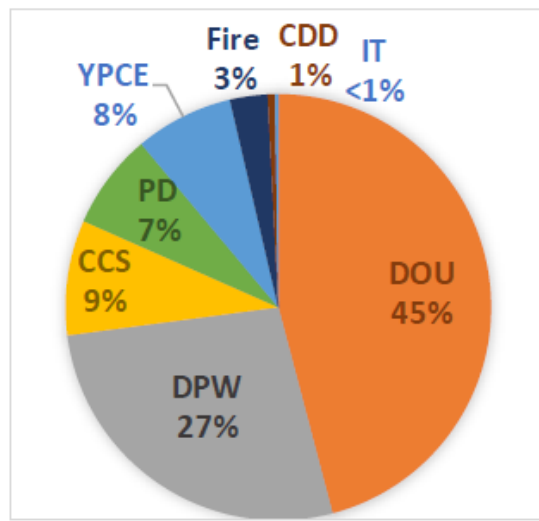


Figure 5. 2019 Total Energy Cost

This pie chart represents the portion each City department contributed towards the City's total cost from energy use at City facilities in 2019. This includes cost incurred from using SMUD-sourced electricity, PG&E natural gas, and on-site solar electricity.



Source: 2019 Municipal Energy Benchmarking Report.

DOU's goals are to safeguard public health, promote environmental conservation, and maintain critical infrastructure through commitment to customer service, employee development, integrity, communication, and innovation. DOU envisions a resilient and sustainable urban utility system that meets current needs, anticipates future demands, and responsibly manages water resources—all while strengthening community trust and advancing Sacramento's long-term environmental and operational goals.

DOU's mission is to provide dependable, high-quality water, wastewater, and storm drainage services in a fiscally and environmentally sustainable manner. In providing these services, DOU works in conjunction with other City departments as well as regional, state, and federal agencies towards the maintenance, development, and rehabilitation of the City's water resources infrastructure. To provide these services, DOU relies on two water treatment plants, numerous wells and sumps, and administrative buildings.

DOU aims to mitigate negative impacts such as GHG emissions, pollution, dependence on non-renewable resources, and over- or excessive use of natural resources. The department participates in and is researching several programs to meet organization-wide GHG goals and DOU wants to

understand the financial sustainability of these programs. This report will focus on the results of a cost analysis of DOU's solar power purchase agreements.

DOU Renewable Energy Programs

DOU participates in several citywide renewable energy programs. They have solar arrays to help meet city-wide environmental preservation goals and are reviewing additional programs to accelerate their adherence to overarching green energy goals. The following are current green energy programs that DOU has been involved in:

- Participation in Power Purchase Agreements whereby the City has contracted to have third-party solar panels installed by SolarCity (the contract is currently held by Tesla) at seven locations, two are on DOU-only facilities. These solar panels are located at the Sacramento River Water Treatment Plant (SRWTP), and the E.A. Fairbairn Water Treatment Plant (EAFWTP).
- Participation in SMUD's Commercial SolarShares program to purchase solar energy from solar fields to lower their carbon footprint.

DOU has Several Partnerships and Contracts to Further Efforts to Reach Green Energy Goals

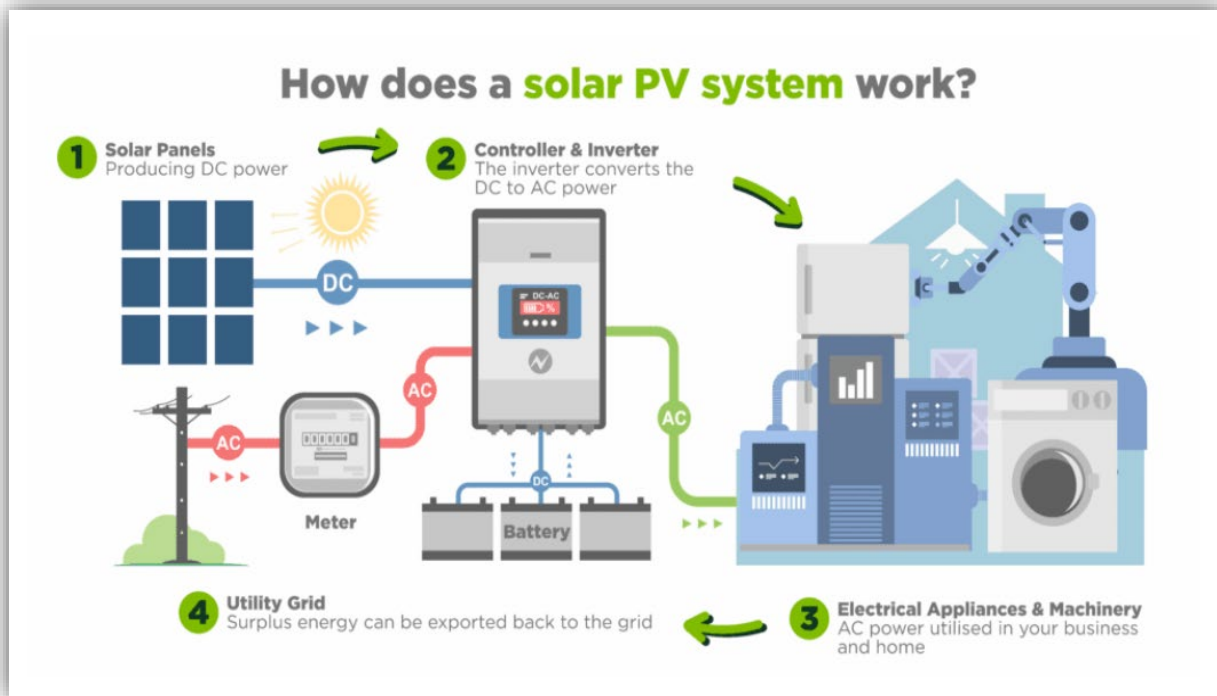
Supporting DOU's green energy progress is a network of partnerships that have helped to expand access to renewable power and reduce DOU's carbon footprint. These partners include the City's Department of Public Works (DPW), SMUD, and the U.S. Department of Energy. The City's green energy goals are informed by legislation such as California Environmental Quality Act, Senate Bill 100, and California Public Utilities Commission guidance.

DOU works internally alongside DPW to research and implement the green energy programs mentioned above. DOU operations are funded using ratepayer fees allocated to the Water Fund, Wastewater Fund, and the Storm Drainage Fund and are subject to expenditure restrictions placed by Proposition 218. DOU reported that their FY25 operating budget included expenditures for the Water, Wastewater and Drainage divisions of around \$215.2 million altogether, excluding multi-year operating projects. Their actual expenditures in FY25 were \$204.5 million, also excluding multi-year operating projects.

Power Purchase Agreements

A Power Purchase Agreement (PPA) is an arrangement in which a vendor installs, owns, and operates a solar energy generation system on a customer's property or off-site. The customer then purchases the system's electric output for a predetermined period and contract price. A PPA allows the customer to receive stable and often low-cost electricity with no upfront cost, while also enabling the owner of the system to take advantage of tax credits and receive income from the sale of electricity. The following diagram illustrates how a solar photovoltaic cell (PV) system works.

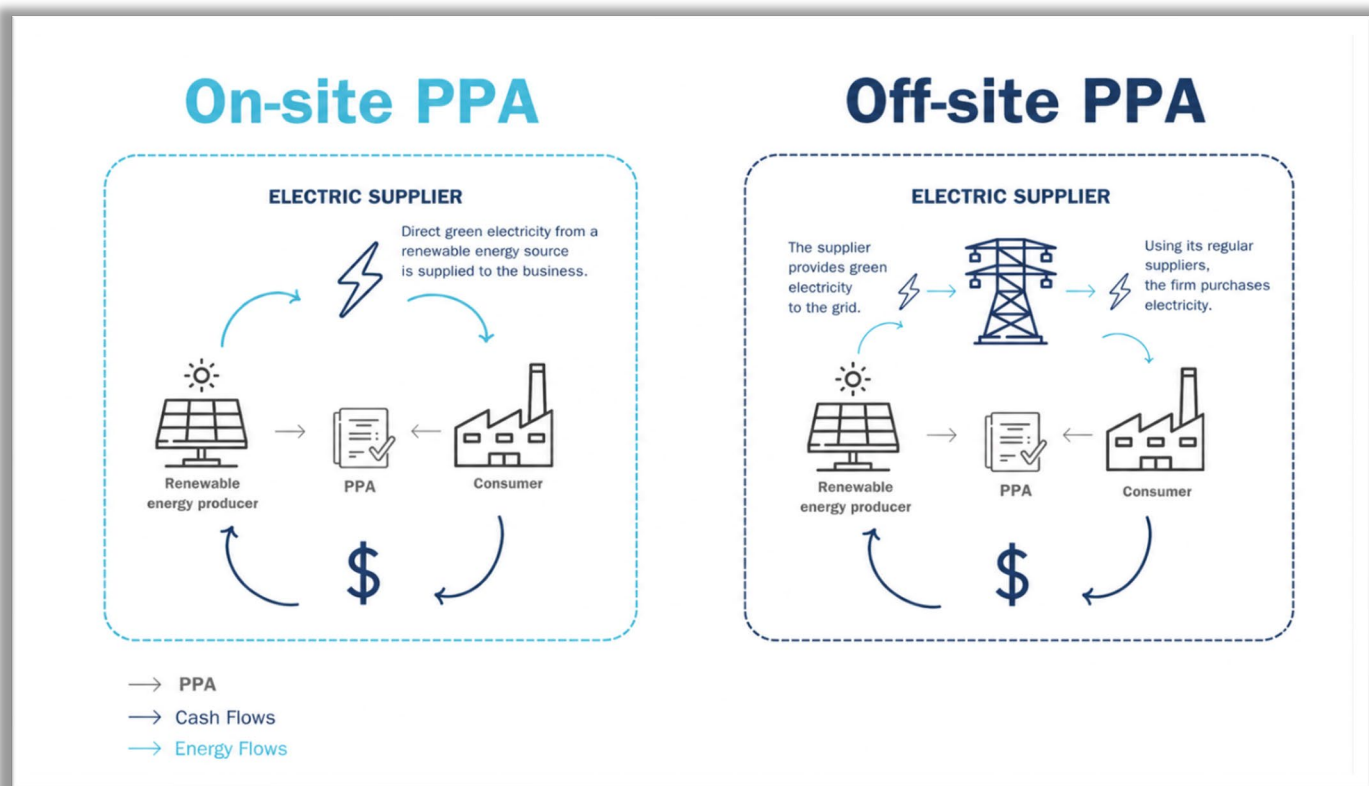
Figure 4: Model of Solar Generation



Source: Model of how solar PVs generate energy from Geo Green Power website.

The more solar energy that is produced, the more electricity the PVs generate up to a maximum per area. That energy then passes through a controller and inverter to be used by the facility or stored using batteries, and the excess returned to the utility grid. Geographic areas like California are ideal for solar panel utilization because they receive a lot of insolation (the amount of solar rays that pass through the atmosphere and reach the earth's surface). PPAs can be on-site or off-site projects. The following figure illustrates the difference between these two configurations.

Figure 5: Typical PPA Configurations (On-site and Off-site)



Source: Auditor generated from Haya Energy Solutions website.

On-site PPAs - SolarCity and Tesla

In 2011, City of Sacramento entered into several 20-year PPAs with SolarCity (now Tesla)⁴. The contracts were executed by the Department of General Services (now defunct) on behalf of various other departments. The contract had provisions for the vendor to build solar panels on several City sites, to produce and sell electricity generated from the solar panels to the City, and to provide upkeep/maintenance of the solar panels. The City agreed to purchase energy generated through these solar panels and the contract specifies a per kilowatt per hour (kWh) cost that increases annually over the life of the agreement. These costs were generally expected to be a discounted kWh rate of electric output when compared to energy purchased from conventional utilities, such as SMUD. As noted in our discussion of the PPAs below, the City has saved as much as 28 cents per kWh during certain periods due to changes in the market cost of energy compared to the PPA cost of energy.

While the City has entered PPAs across multiple sites, two installations were constructed and provide a portion of power to DOU facilities. These facilities fall specifically under the purview of DOU. The two DOU PPAs are for a solar array installed at the Sacramento River Water Treatment Plant (SRWTP) in

⁴ SolarCity Corporation was acquired by Tesla, Inc. in 2016. In this audit, we make reference to SolarCity when discussing contract initiation and to Tesla when discussing more recent billing/maintenance activities.

September 2012, and another solar array installed at the E.A. Fairbairn Water Treatment Plant (EAFWTP) in February 2013.

Under the Agreements, SolarCity retained ownership of the solar generation systems and was responsible for system installation, maintenance, monitoring, and related project development activities, while the City's primary responsibility was to purchase the electricity generated by the systems. The Agreements also included buyout options after Years 6 and 10, as well as a fair market value purchase option after Year 20, along with termination value provisions applicable if the Agreements ended early.

Off-Site PPAs - SolarShares Program

In 2017, the City entered into an agreement with SMUD to participate in their Commercial SolarShares program (an off-site PPA). SMUD is another key partner in DOU's efforts to mitigate GHGs and use clean energy.

SMUD's Commercial SolarShares program allows customers to subscribe to solar energy generated at SMUD-operated solar farms without installing solar panels on their premises. The program offers environmental benefits, including renewable energy credits (RECs), and provides low-maintenance, cost-effective options for accessing clean energy. The service is portable within SMUD's service area – if the customer moves, the service moves with them. At the time the contracts were enacted, the City intended to garner benefits such as savings against future rate increases, renewable energy credits, and the fulfillment of City requirement for clean energy use. The SolarShares contracts allocate a minimum of kWh energy use across 96 City facilities. Of those, 38 are DOU facilities.

Objective, Scope, and Methodology

Our objective of this audit was to review DOU's PPAs to gain an understanding of their associated costs and benefits. DOU has taken a concerted approach to designing and implementing projects and programs to maximize sustainability and green efforts. DOU uses various methods to mitigate the negative impacts of GHG emissions, pollution, dependence on non-renewable resources, and excessive or overuse of non-renewable natural resources at their facilities.

We reviewed DOU's PPA contracts and compared them to contracts executed by other similarly situated cities/municipalities to assess whether the contracts adhered to best practices and contained language to protect the City in the event of damage to or other failure of the solar arrays to produce energy.

We reviewed billing information from SMUD for the period from December 2019 through December 2025 for the SRWTP and EAFWTP water treatment facilities to identify any loss of power generation by comparing solar generation measured by SMUD to amounts reported and billed by the PPA contractor at SRWTP and EAFWTP. We also used the billing information and contracted PPA power rates at the two sites to estimate any costs or savings to DOU based on generation data from January 2021 through December 2025. Finally, we reviewed the billing information to identify additional costs or savings realized at the two plants due to the City's participation in the SolarShares program from enrollment in January 2018 through December 2025.

Using the power generation data we obtained from SMUD, we calculated the amount of solar energy generated and used in kilowatt hours (kWh) at the two facilities. We used those amounts to estimate the equivalent metric tons of carbon (MTCO_{2e}) avoided as a result of the contracts based on the Environmental Protection Agency's Greenhouse Gas Equivalencies Calculator from January 2021 through December 2025.

We analyzed buyout or early termination costs in PPA and SolarShares contracts and any responsibility by the City to bear any costs associated with ending the contracts prior to their expiration or for the City to either remove or maintain control of the solar infrastructure at contract end. We also spoke with DOU staff to identify any likely additional costs and responsibilities related to maintaining the solar infrastructure should the City elect to purchase the solar array upon completion of the original contract term.

Finding 1: Solar power generation through PPAs at EAFWTP and SRWTP helps to reduce energy costs, but DOU must consider its options upon the conclusion of the initial contract term.

The on-site PPAs at the EAFWTP and SRWTP sites helped reduce energy costs and support the City's solar energy generation goals, but they also present important long-term operational and financial considerations as the agreements approach key renewal or buyout decision points. Although the PPAs generated measurable cost savings and contributed to overall site energy demand, differences in solar utilization between sites and the experiences of other California municipalities highlight opportunities to strengthen future contract language related to solar generation system performance, maintenance obligations, accountability measures, and protections for non-performance. As DOU evaluates future contract options, additional consideration is warranted regarding the advantages and tradeoffs associated with the PPA structure, including project costs, energy pricing, maintenance responsibilities, and ownership of the solar arrays.

On-Site PPA Contracts are Approaching Key Renewal or Buyout Decision Points

In 2011, the City entered into agreements with SolarCity to construct solar panels across seven City locations, including the EAFWTP and SRWTP locations. Each agreement established an initial term of 20 years beginning on the Commercial Operation Date, with the option for up to two additional five-year extensions. Under the Agreement for EAFWTP, the solar generation system on site was expected to produce approximately 1.63 million kWh of energy during the first year of operation and included a 1,114.880 DC kW solar array consisting of 4,288 solar modules and two 500 kW inverters. The system at SRWTP was designed to be much smaller than that at EAFWTP. During its first year of operation, SRWTP's 385.320 DC kW solar array, consisting of 1,482 solar modules and one 375 kW inverter, was expected to generate approximately 560,000 kWh of electricity.

The agreements established a fixed energy pricing schedule that increased annually over the contract terms, beginning at \$0.0687 per kWh in Year 1 and increasing to \$0.1001 per kWh by Year 20 at EAFWTP. Similarly, the rates at SRWTP began at \$0.0742 per kWh in Year 1 and will increase to \$0.1081 in Year 20. As of December 2025, the rates were \$0.0871 at EAFWTP and \$0.0960 at SRWTP. Under the agreements, SolarCity retained ownership of the solar generation systems and was responsible for system installation, monitoring, maintenance, and related project development activities, including permitting and rebate processing. The City's primary responsibility under the contracts was to purchase the electricity generated by the system.

The agreements also included buyout provisions allowing the City to purchase the solar generation system after year six for approximately \$2.7 million, after year 10 for approximately \$2.6 million, or at fair market value after Year 20 for EAFWTP. Similarly, the buyouts at SRWTP were about \$977,000 after year six, \$937,000 after year 10, and at fair market value at the conclusion of the agreement. In 2025, the vendor estimated the fair market values of the solar arrays at approximately \$954,000 and \$357,000

at EAFWTP and SRWTP, respectively. Additionally, the contracts established termination values applicable if the contract was terminated before the end of the agreement term.

Based on the agreements' 20-year term and commercial operation dates of September 2012 at SRWTP and February 2013 at EAFWTP, DOU is approaching the end of the contract terms and has already passed the Year 6 and Year 10 buyout option periods. If the Agreement remains in effect through Year 20, DOU may purchase the system at fair market value. As the agreements approach expiration, DOU may need to evaluate whether extending the agreements, purchasing the systems, replacing the infrastructure, or pursuing alternative energy arrangements would provide the greatest long-term benefit.

PPAs Reduced Energy Costs Through On-Site Solar Generation and Utility Credits

Based on billing data obtained from SMUD, we estimated the total savings attributable to solar production generated under the PPAs at EAFWTP and SRWTP from January 2021 through December 2025. As discussed below, we found that PPA contracts for EAFWTP and SRWTP resulted in more than \$603,000 in savings between January 2021 and December 2025.

To calculate estimated cost savings at the two DOU sites, we first calculated the market-rate cost of solar energy used by applying SMUD's average rate per kWh and identified this as "SMUD Market Billing Rates" in Figure 6 and 7 below. Next, we calculated the total costs paid for solar energy produced under the PPA rate and identified as "Total PPA Solar Cost". As shown in Figure 4 in the Background section, during periods of high solar energy production, energy generated in excess of the amount used is returned to the electrical grid, and SMUD provides the City with a credit for that energy, reflected in the "Credits from SMUD" column in Figures 6 and 7. The final column contains the total estimated PPA savings by then adding in SMUD credits for the site by calendar year.

Figure 6: PPA Savings vs SMUD Rates by Calendar Year – EAFWTP (Rounded to Nearest Hundred)

Year	SMUD Market Billing Rates	Total PPA Solar Cost	Credits from SMUD	Total Estimated PPA Savings
2021	\$ 43,000	\$ 58,300	\$ 30,200	\$ 14,800
2022	\$ 153,800	\$ 109,300	\$ 33,300	\$ 77,800
2023	\$ 190,000	\$ 92,900	\$ 14,900	\$ 112,000
2024	\$ 189,900	\$ 80,200	\$ 6,700	\$ 116,400
2025	\$ 232,300	\$ 100,000	\$ 10,900	\$ 143,300
Total	\$ 809,000	\$ 440,700	\$ 96,000	\$ 464,400

Source: Auditor generated based on analysis of SMUD billing data.

Note: Totals are rounded from intermediate calculations and may not be exact sums.

As illustrated above, the PPA generated substantial estimated savings at the EAFWTP site during the review period. As shown in Figure 6 above, the City paid approximately \$440,700 for PPA-generated solar energy compared to an estimated \$809,000 in standard utility costs, resulting in approximately

\$464,400 in estimated net savings after accounting for credits received for excess energy returned to the grid. Estimated annual savings also increased over the review period, from approximately \$14,800 in 2021 to about \$143,300 in 2025.

We found the PPA for the SRWTP site generated an estimated \$138,600 in net savings between January 2021 and December 2025. As shown in Figure 7 below, the City paid approximately \$127,000 for PPA-generated solar energy compared to an estimated \$265,100 in standard utility costs during the same period.

Figure 7: PPA Savings vs SMUD Rates by Calendar Year – SRWTP (Rounded to Nearest Hundred)

Year	SMUD Market Billing Rates	Total PPA Solar Cost	Credits from SMUD	Total Estimated PPA Savings
2021	\$ 100	\$ 100	\$ 0	\$ 0
2022	\$ 1,400	\$ 1,300	\$ 0	\$ 100
2023	\$ 86,600	\$ 43,300	\$ 200	\$ 43,600
2024	\$ 92,200	\$ 42,600	\$ 100	\$ 49,700
2025	\$ 84,800	\$ 39,800	\$ 200	\$ 45,200
Total	\$ 265,100	\$ 127,000	\$ 500	\$ 138,600

Source: Auditor generated based on analysis of SMUD billing data.

Note: Totals are rounded from intermediate calculations and may not be exact sums.

As shown above in Figure 7, savings increased substantially between January 2023 and December 2025 following improved solar production. Savings were comparatively lower than at EAFWTP due to smaller size of solar generation system at SRWTP and periods of non-production during the audit period. As we discuss below, a damaged inverter at the SRWTP solar generation system in 2019 resulted in reduced solar production from October 2019 through December 2022.

Based on our analysis of SMUD billing data, we estimated that solar energy production generated under the PPAs at the EAFWTP and SRWTP sites resulted in more than \$603,000 in total savings between January 2021 and December 2025 compared to market rates.

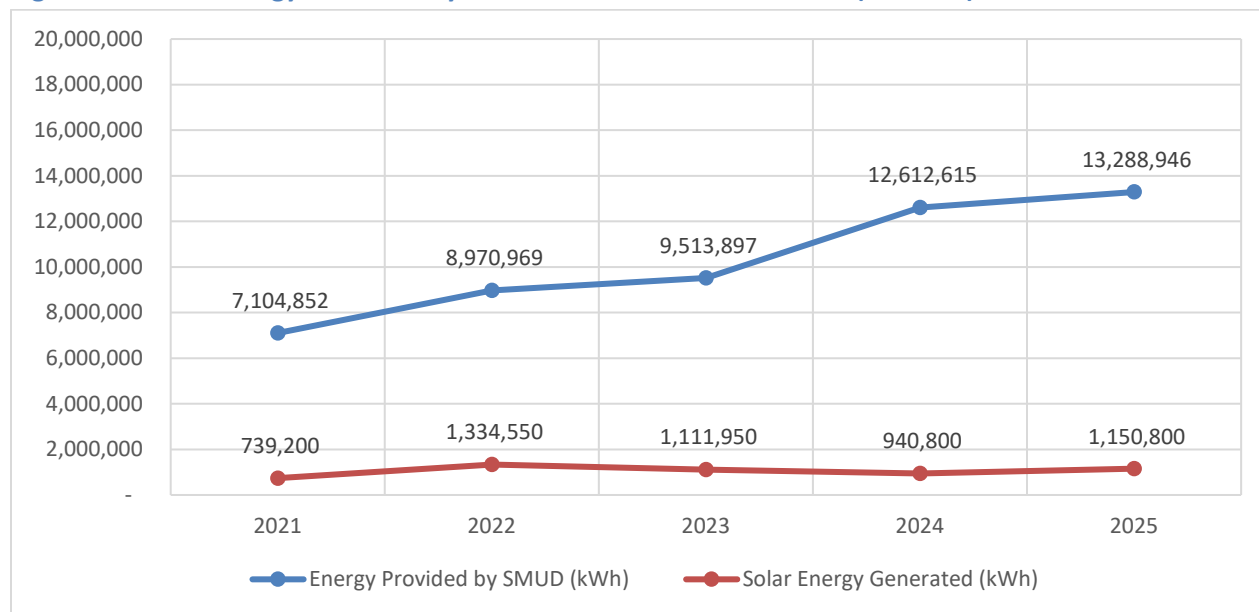
PPA-Generated Solar Energy Represented a Small Share of Total Site Energy Use

While the PPA agreements are yielding savings in energy costs at DOU sites in our review, the power produced by the panels is a small fraction of the aggregated power used at these sites.

We compared the total annual electricity SMUD delivered to EAFWTP and SRWTP to the amount of solar energy produced at the respective site by the panels, based on SMUD solar production data. First, for EAFWTP, we determined that the average amount of overall electricity that SMUD delivers to EAFWTP is 10.3 million kWh annually. The amount of solar energy produced at the site averaged 10.25 percent of the total energy delivered at EAFWTP during the period of review. Figure 8 below shows the total energy

delivered by SMUD and the total solar energy produced by the PPA solar array at EAFWTP from January 2021 through December 2025.

Figure 8: Annual Energy Delivered by SMUD vs. PPA Solar Production (EAFWTP)



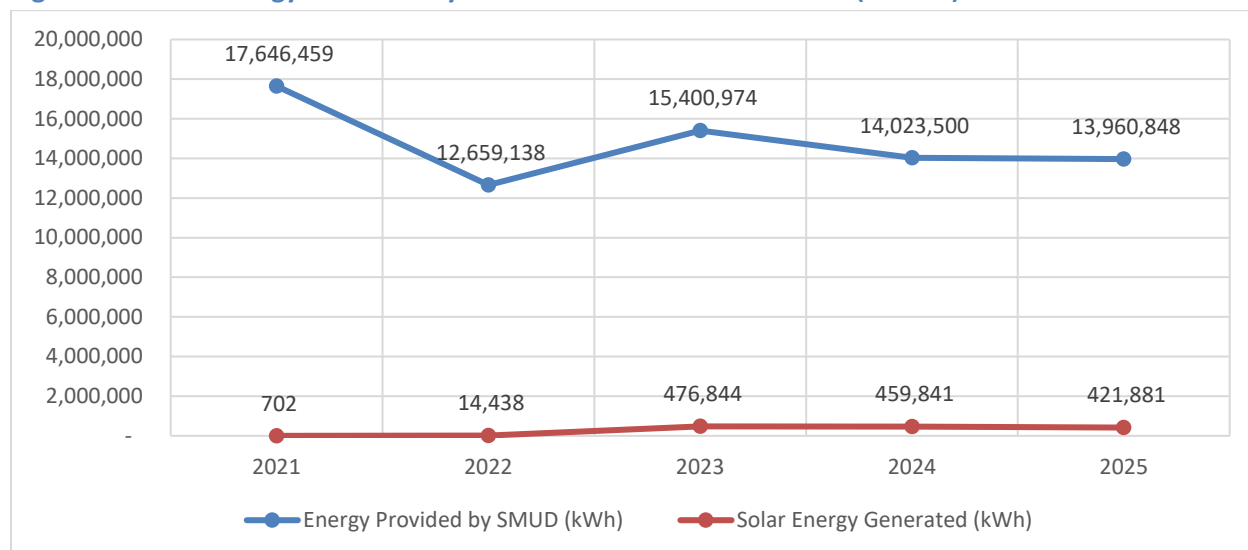
Source: Auditor generated based on SMUD bills and Tesla invoices.

While the Agreements generated energy cost savings at the EAFWTP site, the solar array produced a relatively small share of the site's total electricity demand between January 2021 and December 2025.

Second, for the SRWTP site, we determined that the average amount of overall electricity that SMUD delivers to SRWTP is 14.7 million kWh, annually. The amount of solar energy produced averaged 1.86 percent of the total energy delivered at SRWTP during the period of review. We noted that from January 2023 through December 2025, when SRWTP produced solar energy without interruption⁵, the average solar produced was 3.13 percent of the energy delivered.

⁵ As we discuss later in the report, the solar generation system at SRWTP was damaged resulting in periods of reduced production between 2019 and 2022.

Figure 9: Annual Energy Delivered by SMUD vs. PPA Solar Production (SRWTP)



Source: Auditor generated based on SMUD bills and Tesla invoices.

Similarly, while the agreements generated energy cost savings at the SRWTP site, the solar array produced a relatively small share of the site’s total electricity demand between January 2021 and December 2025.

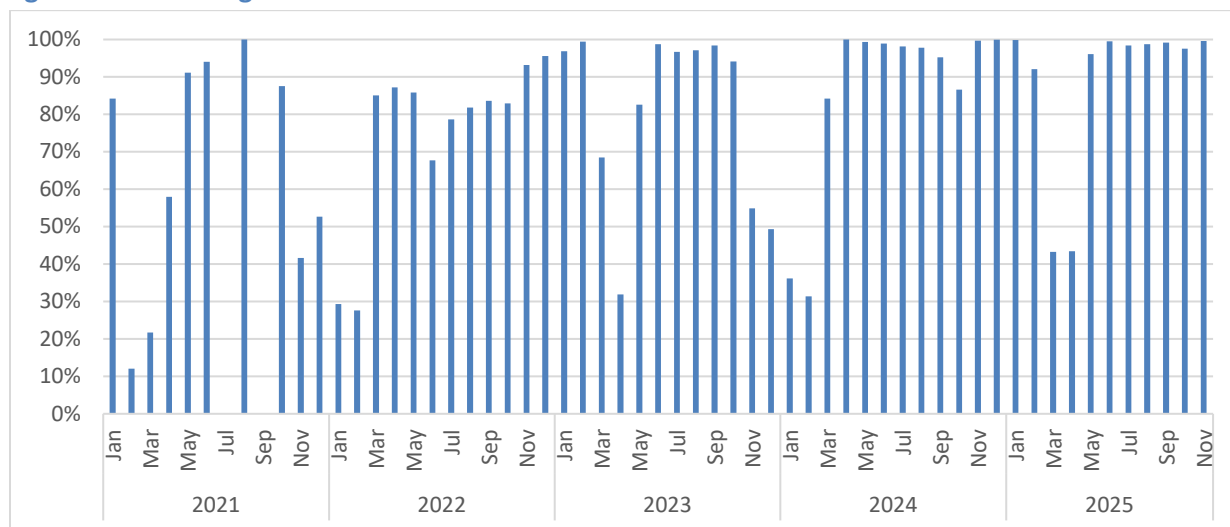
While the PPAs generated energy cost savings at the EAFWTP and SRWTP sites, the solar arrays produced a relatively small share of each site’s total electricity demand during the review period. PPA-generated solar energy averaged approximately 10.25 percent of total electricity delivered at EAFWTP and 1.86 percent at SRWTP between January 2021 and December 2025. These results suggest the PPAs provided supplemental energy generation rather than serving as a primary power source at either site.

Solar Energy Utilization Varied Across DOU Sites During the Review Period

To better understand how the Agreements contribute to DOU’s energy operations, we analyzed the extent to which solar energy produced at the EAFWTP and SRWTP sites was used on-site versus returned to the electrical grid. Specifically, we compared total solar energy production to overall site energy demand and evaluated monthly usage patterns and utility credits. This analysis provides additional context regarding how effectively the solar arrays align with operational energy needs and whether production capacity appears appropriately sized for each site.

We noted that for about half of the months, EAFWTP uses 90 percent of the solar energy it produces. Figure 10 below shows the percentage of produced solar energy used at EAFWTP.

Figure 10: Percentage of Produced Solar Used at EAFWTP

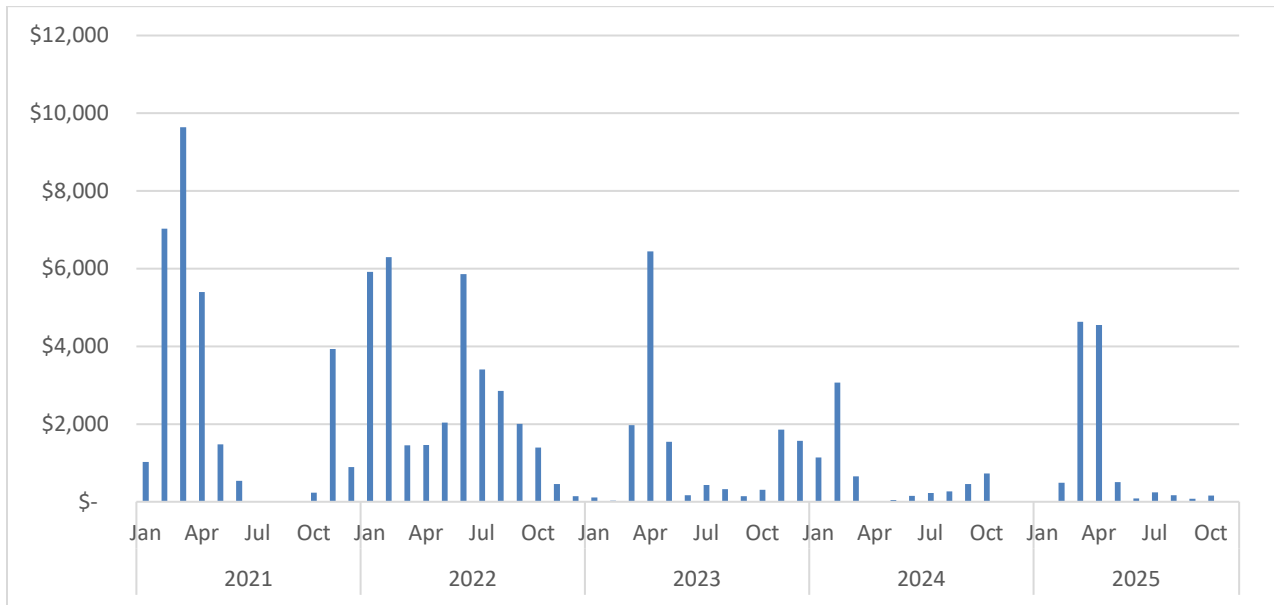


Source: Auditor generated based on SMUD billing data.

However, at other times, depending on energy use and solar generation during a given period, EAFWTP does not use as much of the solar energy it produces, varying between 12 and 88 percent. Because the array does not include battery storage to capture the solar energy for later use, the energy is returned to the grid as depicted in Figure 4 in the background. The excess solar production generated additional utility credits from SMUD. These results suggest the PPA generally aligned with site energy demand while also providing additional savings through excess energy credits.

The overproduction results in additional savings to DOU, as it receives additional credits from SMUD for energy produced and added to the SMUD energy grid during these periods. SMUD credits DOU for the energy returned to the grid at the same billing rate in effect during that time, such as peak or off-peak rates. In 2030, SMUD will pay all renewable energy credits produced by customers, including DOU, at the Solar and Storage Rate, a flat rate that SMUD implemented for all accounts approved to connect after March 1, 2022. DOU will continue to receive the higher reimbursement rate as long as it doesn't significantly modify or move its solar generation systems. The figure below shows the total credits received by month from SMUD for excess solar production.

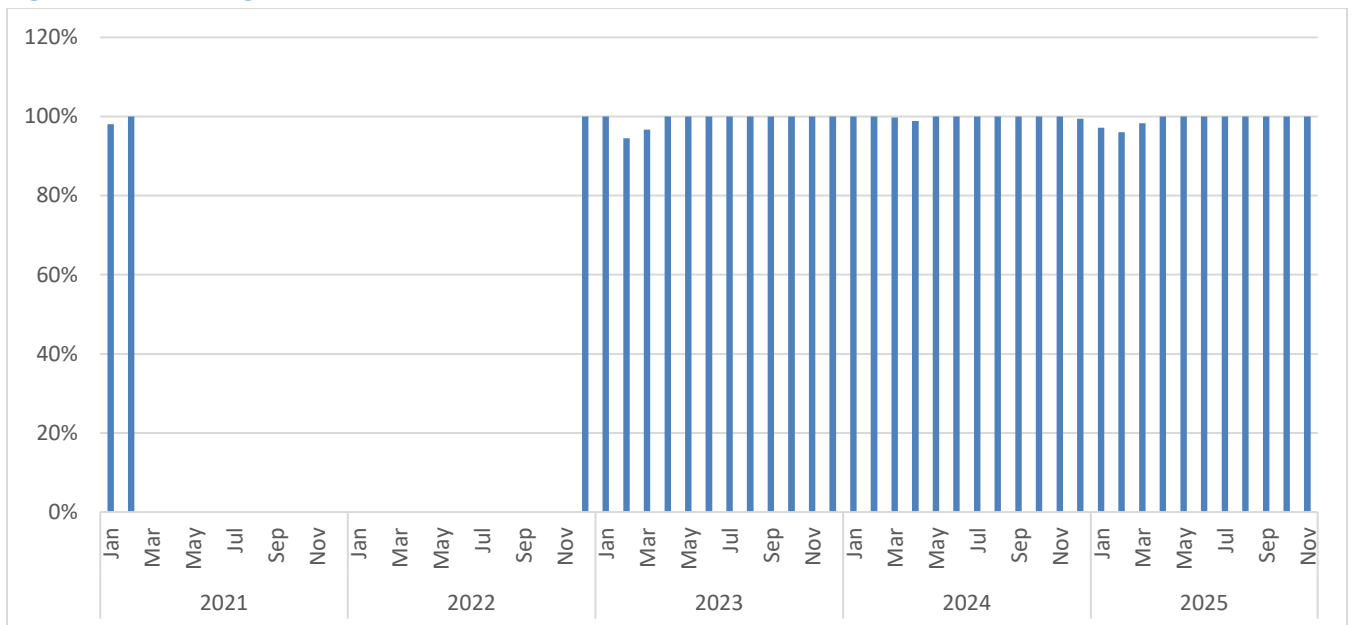
Figure 11: Total Solar Generation Credits Received by Month at EAFWTP



Source: Auditor generated based on SMUD billing data.

We also found that SRWTP generally uses all the solar energy it produces, indicating that increased production capacity may be useful. Figure 12 below shows the amount of solar energy produced and used at SRWTP.

Figure 12: Percentage of Produced Solar Used at SRWTP



Source: Auditor generated based on SMUD billing data.

As shown in Figure 12, monthly solar energy usage consistently approached 100 percent of total production, indicating that the site's energy demand regularly exceeded available solar generation. These results suggest additional solar production capacity at the site may provide further energy cost savings.

We found the EAFWTP and SRWTP sites demonstrated different patterns of solar energy utilization during the review period. EAFWTP generally consumed most of the solar energy it generated at the time it was produced, while periodically generating excess production that resulted in additional utility credits. In contrast, SRWTP consistently used nearly all solar energy generated at the site, indicating the demand for energy at the time the solar energy is produced regularly exceeded available solar production. Together, these results suggest the PPAs generally aligned with operational energy needs and generated cost savings, although opportunities may exist to optimize production capacity or to explore battery storage options based on site-specific usage patterns.

Advantages and Disadvantages of Using PPAs to Support Solar Energy Generation Goals

While the PPAs generated energy cost savings and reduced the City's responsibility for upfront construction, maintenance, and repair costs, they also involve tradeoffs related to long-term pricing, ownership, and operational control. To better understand these considerations, we reviewed several advantages and disadvantages associated with the use of PPAs to support solar energy generation goals, including project financing, energy pricing structures, and responsibilities for system ownership and maintenance.

Project Costs

One advantage of using PPAs to support solar energy generation goals is that PPAs could cover up to 100 percent of project construction costs. At the EAFWTP and SRWTP sites, for example, SolarCity absorbed the upfront capital costs associated with deploying the solar arrays. As a result, the City avoided significant initial capital expenditures and reduced its financial risk associated with constructing and implementing the solar infrastructure.

However, PPAs may also result in higher long-term costs over the life of the agreement. While DOU avoided upfront construction costs, those costs are likely incorporated into the energy rate structure established under the PPA. As a result, DOU may ultimately pay more over the duration of the agreement than it would have paid had it directly financed and owned the solar infrastructure itself.

In contrast, DOU may decide to construct a new solar array at one of their sites. Under this course, DOU would absorb all capital costs for purchase and installation of the facilities. However, DOU would receive all of the solar generated power at the facility without paying a rate and would be the beneficiary of all energy subsidies returned to the energy grid to SMUD.

Energy Pricing

Another advantage of PPAs is that the price of power purchased through the provider is typically lower than the retail electricity rate charged by the utility, which can help protect customers from utility rate fluctuations over time. As discussed above, we found that the PPA contracts for the EAFWTP and the SRWTP resulted in more than \$603,000 in savings between January 2021 and December 2025, suggesting the PPAs reduced overall energy costs during the review period. The following figure shows the average cost per kWh for energy from SMUD, the cost per kWh from the PPAs, and the savings per kWh at EAFWTP for January and July 2021 through January and July 2025. We used January and July to show the difference between average winter and summer rates.

Figure 13: Costs and Savings per Kilowatt-Hour at EAFWTP

EAFWTP			
Month	SMUD Average Rate per kWh*	PPA Solar Rate per kWh	Savings per kWh
January 2021	\$ 0.0944	\$ 0.0789	\$ 0.0155
July 2021	\$ 0.1121	\$ 0.0789	\$ 0.0332
January 2022	\$ 0.0970	\$ 0.0805	\$ 0.0165
July 2022	\$ 0.2533	\$ 0.0821	\$ 0.1712
January 2023	\$ 0.1005	\$ 0.0821	\$ 0.0184
July 2023	\$ 0.3426	\$ 0.0837	\$ 0.2589
January 2024	\$ 0.1021	\$ 0.0837	\$ 0.0184
July 2024	\$ 0.3565	\$ 0.0854	\$ 0.2711
January 2025	\$ 0.1098	\$ 0.0854	\$ 0.0244
July 2025	\$ 0.3719	\$ 0.0871	\$ 0.2848

Source: Auditor analysis of SMUD billing data and PPA contracts

**To calculate the SMUD average rate per kWh, we summed the total energy costs from each of the Time-of-Day rates billed during the period and divided that number by the total number of kWh billed. The average cost does not include any delivery fees, fixed costs, or taxes.*

The PPA cost of energy is also lower than the average costs of energy per kWh from SMUD at SRWTP, though the rates differ slightly. The following figure shows the average cost per kWh for energy from SMUD, the cost per kWh from the PPAs, and the savings per kWh at SRWTP for January and July 2021 through January and July 2025. We used January and July to show the difference between average winter and summer rates.

Figure 14: Costs and Savings per Kilowatt-Hour at SRWTP

SRWTP			
Month	SMUD Average Rate per kWh*	PPA Solar Rate per kWh	Savings per kWh
January 2021	\$ 0.0962	\$ 0.0869	\$ 0.0093
July 2021	\$ 0.1119	\$ 0.0869	\$ 0.0250
January 2022	\$ 0.0963	\$ 0.0886	\$ 0.0077
July 2022	\$ 0.2378	\$ 0.0886	\$ 0.1492
January 2023	\$ 0.1011	\$ 0.0904	\$ 0.0107
July 2023	\$ 0.3124	\$ 0.0904	\$ 0.2220
January 2024	\$ 0.1027	\$ 0.0923	\$ 0.0104
July 2024	\$ 0.3429	\$ 0.0923	\$ 0.2506
January 2025	\$ 0.1117	\$ 0.0941	\$ 0.0176
July 2025	\$ 0.3512	\$ 0.0941	\$ 0.2571

Source: Auditor analysis of SMUD billing data and PPA contracts

**To calculate the SMUD average rate per kWh, we summed the total energy costs from each of the Time-of-Day rates billed during the period and divided that number by the total number of kWh billed. The average cost does not include any delivery fees, fixed costs, or taxes.*

However, PPAs may also present long-term pricing risks. Many PPAs include annual price escalators, typically ranging from 1 to 5 percent, which gradually increase the cost of electricity purchased under the agreement. If retail electricity rates decline or increase more slowly than the escalator rate, the customer could ultimately pay more for electricity under the PPA than under prevailing market rates.

While the Agreements generated substantial savings during the review period, future savings are not guaranteed. As DOU considers whether to extend or renew these PPAs, it should evaluate projected PPA pricing against anticipated utility rates to ensure the arrangements remain cost-effective over the long term. Further, DOU could opt to purchase the solar arrays, which would reduce the kilowatt hour cost for the solar produced to zero, but as we discuss below, DOU would also take on the costs of maintenance, repairs, and training staff for those tasks.

Maintenance and Repair Costs

Under a PPA, a third party installs, owns, and maintains the solar energy system, allowing the customer to avoid the risks and complexity of equipment ownership. For example, in DOU PPAs with SolarCity/Tesla, DOU was only responsible for paying for energy that was produced at the solar arrays at the site.

During the course of the PPA at SRWTP, in October 2019, a fire caused damage to the solar array inverter at the SRWTP facility, resulting in lost energy production and use. Based on solar production data, it appears that the vendor attempted to fix the damage in April 2020, however the array went down again the same month. Additional attempts to fix the array occurred in November and December 2020, which resulted in production in December 2020, but the array again stopped producing energy in January 2021, indicating the repair did not remedy the issue and resulting in another failed repair

attempt in February 2021. Finally, the array was fixed in August 2022 and has consistently produced energy since.

During this period, DOU was not paying for solar energy produced at the site and was purchasing the energy from SMUD at market rate. As noted in our discussion of contract terms below, DOU is not responsible for maintaining or repairing the system and was forced to rely on the vendor to diagnose the issue, and the contract did not include any remedy for DOU for periods of non-production or under performance. Staff at DOU cited a long lead time for parts and apparent lack of urgency to repair the system on behalf of the vendor. It is likely that if DOU had borne the responsibility to keep the array functional, it may have been able to repair the array and return it to service in a shorter time frame leading to additional solar energy production and additional cost savings for DOU.

We noted that the contracts do not require regular maintenance or include a maintenance schedule for the equipment. When the vendor wants to schedule service, they email DOU staff to ensure their ability to enter the premises for their work. We obtained those requests from DOU from November 2023 through August 2025 and found that the vendor visited EAFWTP a total of 12 times for maintenance and visited SRWTP seven times over the approximately two-year period.

If DOU were to service and maintain the solar infrastructure, including dusting the solar panels and landscaping around the array on its own, it would likely have to hire and train staff for the tasks. DOU management stated that existing staff would not be able to absorb the workload associated with maintaining or repairing the solar generation system. According to DOU, it may require an additional 1.5 full-time equivalent electricians, and they believe hiring staff may be cheaper than obtaining a vendor for maintenance. Based on City salary and benefit data, the cost of 1.5 full-time equivalent electrician positions would be between approximately \$103,000 and \$171,000 in salary per year, in addition to any benefits and costs to onboard or train those staff. It may be possible that solar technician training is required for the positions, and we identified a solar technician training program operated by Modesto Junior College, a nearby school, that costs about \$1,400 per student.

Ownership of the Solar Arrays

Under the PPAs the City entered into with SolarCity/Tesla, the company is the owner of the solar array facilities. The contracts also provide that, at the completion of the term of the contract, the company is responsible for the removal of the solar equipment from the site and returning the site to original conditions. DOU is, therefore, not responsible for removal or disposal of the equipment.

This fact is critical for two reasons. First, since the contracts were executed, and solar arrays were constructed in 2012 (SRWTP) and 2013 (EAFWTP), there has been aging, and wear and tear on the solar arrays which could impact their ability to produce power. However, research has shown that the efficiency of the power production of solar array drops less than one percent per year and should still operate at 80 to 85 percent of their original efficiency after 25 years. As such, after more than 13 years

of operation at the EAFWTP and SRWTP sites, the panels may not be producing as much energy as they were after initial construction.

Second, there have been significant technological advances in how much power can be generated by a solar panel. According to one study, a solar panel from 2025 may be up to 40 percent more efficient than those made in 2010. In other words, a standard panel produced in 2010 could turn about 15 percent of energy from sunlight into energy, while most made today may have efficiency ratings between 19 and 22 percent.

We estimated the costs of a new solar array upon removal of the existing equipment. Considering the 260-watt panels, support structure, inverters, installation, permitting, and other normal costs, replacing the current arrays could cost approximately \$1.6 million to \$1.8 million at SRWTP. The cost to replace the infrastructure at EAFWTP with similar hardware could cost approximately \$4.6 million to \$5.3 million.

We also looked at the cost to upgrade the panels from 260 watts to 435 watts. The upgraded panels would increase the system generation capacity by 82 percent at SRWTP and EAFWTP. Upgrading the panels could cost approximately \$2.8 million to \$3.2 million at SRWTP, and from approximately \$8 million to \$9.2 million at EAFWTP. Additional costs, such as upgrades to inverters or other solar generation hardware, may also need to be considered. The increased generation may present the opportunity for the City to consider purchasing storage capacity as well. DOU would also have to work with SMUD to obtain approval for the upgraded system.

DOU could also consider battery storage to capture excess solar energy produced rather than exporting the energy back into the SMUD energy grid. Producers of solar energy can use battery storage to obtain full benefits of the solar energy produced by storing surplus energy for use when grid prices are higher. They can also use battery storage to help reduce costs by using the stored energy when demand is higher, shaving peaks in energy usage and avoiding increased demand rates. Battery storage could help improve energy resilience during power outages by providing backup power. However, as we discussed above, DOU's solar arrays do not generate sufficient electricity to support continued operation of the facilities, limiting the effectiveness of battery storage.

Battery storage costs depend on a number of factors, including the size of the solar generation system, the primary use, and the duration of storage for the energy. DOU stated that they have discussed battery storage concepts with SMUD, who informed DOU that SMUD was not currently in the position to support the size of batteries needed to be useful for operations. DOU further stated that cost estimates for the size of batteries needed to support easing peak hour usage at SRWTP was in the tens of millions. Further, DOU stated that battery storage was likely not feasible because of the battery's large footprint and the space constraints at the facilities.

As the PPAs approach the end of their term, DOU has options to consider. We noted previously that PPAs provide a source of renewable energy, usually at a lower cost than market rates, and include energy costs per kWh for the term of the agreement. This provides certainty in volatile energy markets. Further, PPAs generally require the vendor to install, maintain, and repair the solar generation system in the event of damage or failure. There may also be notable drawbacks to PPAs as discussed in the benchmarking section below, specifically if the contracts do not contain remedies for underperformance of the system. Further, reliance on the vendor to maintain and repair the system could result in delays that cause DOU to purchase energy directly from SMUD at market rates, leading to increased costs and the loss of cost certainty that the PPA was intended to provide.

Benchmarking of PPAs with California Cities Identified Opportunities to Strengthen Contract Language

We reviewed PPA contract terms used by other California municipalities and identified several contract provisions intended to strengthen operational accountability and reduce long-term performance risks. Through discussions with peer agencies, we found that some agreements included stronger protections related to solar panel performance, timely repairs, maintenance obligations, and financial remedies for underproduction or non-production. If utilized by the City, these types of provisions may provide greater assurance that solar energy systems generate anticipated energy savings throughout the life of the agreement.

We conducted benchmarking against five other entities⁶ including Los Angeles Department of Water and Power, Bonita Vista Middle School, City of Long Beach, City of Ventura, and City of Reedley. We compared their contracts with the City's to identify and assess contract terms for items in the PPAs, such as solar production estimates, vendor maintenance responsibilities, and remedies or damages for non-performance of maintenance or production. The figure below summarizes select contract terms for the benchmarked entities.

⁶ We selected cities with publicly available PPA information for benchmarking.

Figure 15: PPA Benchmarking Summary

Contract Terms	City of Sacramento	LA Department of Water and Power	Bonita Vista Middle School	City of Long Beach	City of Ventura	City of Reedley
Year of contract	2011	2014	2012	2017	2023	2020
Energy estimates for first year (kWh)	✓	✓	✓	✓	✓	✓
Energy estimates for all years	✗	✓	✗	✓	✓	✗
Production flat rate	✗	✓	✗	✗	✓	✓
Vendor responsible for maintenance	✓	✓	✓	✓	✓	✓
Contract defines panel inspection frequency	✗	✓	✓	✓	✓	✗
Remedy/damages for non-performance (maintenance)	✗	✓	✓	✓	✓	✗
Rates/production guaranteed	✗	✓	✓	✓	✗	✗
Stated minimum output for panels	✗	✓	✓	✓	✓	✗
Remedy/damages for panel non-performance	✓	✓	✓	✓	✓	✓
Audit clause	✗	✓	✓	✓	✓	✗
Damages for default	✓	✓	✓	✓	✓	✓

Source: Auditor generated based on benchmarking data.

We compared these contract terms with those in DOU’s agreements and found that other entities had more concrete maintenance terms such as time of performance, standards for level of performance (for panel maintenance and production), and audit clauses wherein vendor had to demonstrate how well the panels are producing.

In several instances, the clauses were so specific that they only allow a 1 percent deviation in panel production as well as vendor penalties if the production is off by more than this amount. As an example, contract terms in executed PPAs by the Los Angeles Department of Water and Power places the responsibility on the vendor to “devise and implement a plan of inspection, maintenance, and repair” for the solar panels that adheres to the “Prudent Utility Practices” and keep records of inspections, maintenance, and repairs. All this information must be made available to LADWP with reasonable notice.

We contacted Tesla to obtain their maintenance processes and schedules, but they stated that they perform preventative maintenance on an “as-needed basis” and would provide maintenance logs only when contractually obligated to do so.

Additionally, our review of PPAs used by other California municipalities identified contract provisions that may have provided greater assurance regarding solar panel performance, maintenance, operational accountability, and long-term cost savings for the City of Sacramento.

More specifically, as discussed above, during the course of the PPA at SRWTP, a fire occurred in October 2019 that caused damage to the solar array inverter at the facility resulting in lost energy production and use. The solar array was not fully repaired until August 2022 and has consistently produced energy since. Notably, during the course of the outage, DOU was in contact with Tesla representatives in attempts to have the solar energy system repaired. As noted earlier, the company was unable to repair the system to normal production levels. As a result, the City was forced to purchase power from SMUD at market rates and from January 2021 through August 2022 paid over an estimated \$30,400 more than it could have otherwise, assuming average production during the non-production period.

Through discussions with other California municipalities, we found that some PPAs contain provisions that provide greater assurance regarding timely repairs, panel performance, and long-term cost recovery when solar arrays are not functioning as expected. Examples of these provisions included long-term production estimates covering the full life of the agreement rather than only the first year, minimum power production guarantees with allowable deviation thresholds of approximately one percent, penalties or financial remedies for underproduction or non-production, stronger requirements for scheduled maintenance, and audit clauses allowing review of panel production and maintenance records. Collectively, these provisions may help strengthen operational accountability and better protect public entities from long-term performance risks.

Solar power generation through the PPAs at the EAFWTP and SRWTP sites helped reduce energy costs through on-site solar generation and utility credits, while limiting DOU's upfront capital and maintenance responsibilities. However, the Agreements generated only a small share of overall site energy demand, and solar utilization patterns varied between sites, with some periods of excess production and others where demand exceeded available solar generation. As the Agreements approach key renewal or buyout decision points, DOU will need to evaluate the long-term financial and operational implications of extending the agreements, purchasing the solar arrays, or pursuing alternative energy strategies. Additionally, benchmarking with other California municipalities identified opportunities to strengthen future contract language related to production guarantees, maintenance requirements, and remedies for non-performance to better protect the City's long-term interests.

We RECOMMEND the Department of Utilities

- 1. Review and assess its options for disposition of the PPAs including exercising the five-year extension options in the current PPAs, purchasing the existing solar arrays, installing new solar arrays, or removing the solar arrays altogether; and identifying additional costs or opportunities for cost savings for each of the scenarios noted.**

Finding 2: Although participation has resulted in additional energy costs, the SolarShares program has supported the City's renewable energy goals.

The City's renewable energy strategy extends beyond its physical facilities through its participation in SMUD's Commercial SolarShares program – off-site PPAs that allow the City to purchase a portion of energy generated by remote solar installations. The City entered into an agreement with SMUD to purchase electricity generated from SMUD-operated solar facilities through SMUD's Commercial SolarShares program. The program was intended to advance the City's renewable energy and sustainability goals by allowing the City to participate in utility-scale solar generation without the need to construct or maintain its own solar infrastructure while helping support investment in SMUD's broader solar energy portfolio. However, while the program contributed toward the City's renewable energy goals, our analysis found that participation resulted in more than \$623,000 in net additional energy costs during the review period.

Background of SolarShares and Commercial SolarShares Program

The purpose of SMUD's Commercial SolarShares program is to provide solar power from SMUD solar farms and is considered flexible and easy. SMUD's Commercial SolarShares program is the business-oriented version of its community solar model. Instead of installing and maintaining solar panels on a business property, participating organizations subscribe to a share of SMUD-managed solar generation and receive renewable energy benefits through their utility bill.

A participating business signs an agreement with SMUD for a specified amount of solar capacity, typically measured in kilowatt-hours (kWh). SMUD then allocates output from regional solar facilities to that customer's account. SMUD manages and maintains the solar infrastructure on behalf of participants, allowing the City to receive the benefits of solar energy generation without incurring upfront capital costs for construction or ongoing maintenance responsibilities. Through the program, SMUD develops, owns, and operates the solar arrays while delivering the associated energy to participating customers through their utility service. This structure allows the City to support renewable energy goals and claim solar-related cost and environmental benefits without assuming ownership, operational risk, or long-term system maintenance obligations.

City Agreements with SolarShares

In 2017, the City signed a 20-year Commercial SolarShares contract with SMUD wherein it agreed to purchase the solar energy produced at SMUD's solar farms. This agreement helps accomplish two goals: it helps the City meet its green energy goals while also helping subsidize clean energy initiatives at SMUD's solar farms.

The City has currently enlisted 96 facilities to participate in the SolarShares program, of which 38⁷ are DOU sites. SMUD allocated the City more than 28.7 million kWh per year in the original contract. As of November 2025, the City's contracted total yearly allocation was just over 28.8 million kWh. SMUD distributes the solar energy benefits across the City's utility accounts based on monthly energy production. The EAFWTP and SRWTP facilities received two of the City's largest shares of the program. Under the agreement, SMUD can adjust the amount of solar allocation assigned to an account or move participation between City accounts under certain conditions. The City may also remove a facility from the program with SMUD's agreement. However, if the City chooses to remove a facility on its own or terminate the SolarShares contract completely, SMUD may charge a termination fee based on the remaining SolarShares allocation and duration of the contract.

In addition to the use of the energy produced, the City also receives Renewable Energy Credits (RECs) associated with the production of solar energy and may make all claims to renewable and environmental attributes in the RECs, including that the City uses solar power.

The price of SolarShares allocation is made up of two components, the Energy Cost Component (ECC) and the Delivery Service Charge (DSC). The ECC is fixed and replaces the City's energy-only charges under its applicable SMUD rate. SMUD calculates the credits from this component on a time-of-use basis depending on when the City's kWh usage at its facilities occurs, then applies the generation amount according to the allocation schedule included in the contract. The DSC is variable and based on the delivery costs normally included in the City's standard rates. It represents the cost to recover fixed charges in the System Infrastructure Fixed Charge included in SMUD's Standard Rates. We noted that as of December 2025, the DSC had increased by 32 percent from the original contracted rate.

SolarShares Program Resulted in Additional Energy Costs to the City

To analyze the program, we evaluated how the SolarShares contract affected the City's overall electricity costs. From the SMUD billing data, we sought to determine the costs at the EAFWTP and SRWTP sites over the life of the SolarShares contract, which began with the January 2018 billing period through December 2025. We calculated the yearly total SolarShares Delivery Service Charge, SolarShares Electricity Charge, SolarShares Credits, and Net SolarShares Credits (or Fees) at EAFWTP and SRWTP. Overall, participation in the SolarShares program has resulted in additional energy costs of more than \$623,000, or 2.5 percent of the total energy costs at the two sites from January 2018 through December 2025.

SolarShares Contract Cost – EAFWTP

We found that, as of December 2025, EAFWTP total yearly allocation accounted for 16 percent of the City's total SolarShares allocation. From inception through December 2025, EAFWTP has received almost

⁷ The number of participating facilities fluctuates as electricity demand increases or decreases. If a facility does not produce the threshold contracted kWh, it may be removed from the portfolio of participating facilities and replaced by another facility, or SolarShares credits may be reallocated to facilities with higher energy usage.

100 percent of its total allocated SolarShares credits. Through December 2025, participation in the SolarShares program has resulted in additional energy costs of about \$438,800 at EAFWTP above the market rate cost of energy or 4.1 percent of EAFWTP's total energy costs.

Figure 16: SolarShares Net Fees and Credits – EAFWTP (Rounded to Nearest Hundred)

Year	SolarShares Delivery Service Charge	SolarShares Electricity Charge	SolarShares Credit \$	Net SolarShares Charges/ (Credits)
2018	\$ 71,600	\$ 413,200	\$ (418,000)	\$ 66,800
2019	\$ 72,400	\$ 412,200	\$ (454,200)	\$ 30,400
2020	\$ 75,500	\$ 412,300	\$ (447,400)	\$ 40,500
2021	\$ 80,800	\$ 418,900	\$ (479,500)	\$ 20,100
2022	\$ 81,900	\$ 412,200	\$ (420,800)	\$ 73,300
2023	\$ 84,100	\$ 413,400	\$ (397,700)	\$ 99,800
2024	\$ 87,800	\$ 412,300	\$ (435,300)	\$ 64,800
2025	\$ 92,800	\$ 412,200	\$ (461,900)	\$ 43,200
Grand Total	\$ 646,900	\$ 3,306,700	\$ (3,514,800)	\$ 438,800

Source: Auditor generated based on analysis of SMUD billing data.

Note: Totals are rounded from intermediate calculations and may not be exact sums.

As illustrated in Figure 16, the City's participation in the SolarShares program at the EAFWTP facility resulted in higher energy costs during the review period. Annual net costs fluctuated year to year based on the relationship between SolarShares charges and credits. These results illustrate that, while the program provided access to renewable energy benefits without requiring the City to own or maintain solar infrastructure, participation did not generate net financial savings for the facility during the period reviewed.

SolarShares Contract Cost – SRWTP

As of December 2025, SRWTP's total yearly allocation accounted for 12 percent of the City's total SolarShares allocation. From inception through December 2025, SRWTP has received about 98 percent of its total allocated SolarShares credits. Through December 2025, participation in the SolarShares program has resulted in additional energy costs of roughly \$184,200 at SRWTP above the market rate cost of energy or 1.3 percent of SRWTP's total energy costs.

Figure 17: SolarShares Net Fees and Credits – SRWTP (Rounded to Nearest Hundred)

Year	SolarShares Delivery Service Charge	SolarShares Electricity Charge	SolarShares Credit \$	Net SolarShares Charges/ (Credits)
2018	\$ 52,500	\$ 302,600	\$ (336,100)	\$ 19,000
2019	\$ 53,100	\$ 302,700	\$ (331,800)	\$ 24,000
2020	\$ 57,500	\$ 313,600	\$ (367,100)	\$ 4,000
2021	\$ 60,000	\$ 311,000	\$ (382,800)	\$ (11,800)
2022	\$ 60,100	\$ 302,700	\$ (337,900)	\$ 24,900
2023	\$ 61,600	\$ 302,700	\$ (310,500)	\$ 53,700
2024	\$ 64,400	\$ 302,700	\$ (323,300)	\$ 43,800
2025	\$ 68,400	\$ 303,600	\$ (345,300)	\$ 26,600
Grand Total	\$ 477,500	\$ 2,441,500	\$ (2,734,800)	\$ 184,200

Source: Auditor generated based on analysis of SMUD billing data.

Note: Totals are rounded from intermediate calculations and may not be exact sums.

As illustrated in the figure above, the City’s participation in the SolarShares program at the SRWTP facility resulted in modest additional energy costs over the review period, while still providing the facility with essentially its full allocated share of solar credits over the life of the agreement. Annual net costs varied by year depending on the balance between SolarShares charges and credits, including one year in which credits exceeded program costs. These results demonstrate that, although the program allowed the City to receive renewable energy benefits without owning or maintaining solar infrastructure, participation did not produce overall cost savings for the facility during the period reviewed.

We noted that while the City staff analysis supporting the contract in 2017 indicated an estimated cost savings element over the life of the agreement, the contract is explicit in that SMUD makes no guarantees or warranties with respect to any cost savings. The City anticipates that as energy costs fluctuate over the remaining life of the contract, the fixed energy cost element will help to generate cost certainty and savings.

SolarShares Participation has helped the City to Avoid Thousands of Metric Tons of Carbon Dioxide

As noted above, participating in the SolarShares program allows the City to recognize the benefits of solar energy production, such as cost certainty for a percentage of energy costs, without being responsible for constructing or maintaining the associated solar infrastructure. One of the largest benefits is the City’s ability to claim renewable and environmental attributes from solar production, including that the City uses solar power. As a result, the City may recognize reductions in greenhouse gas emissions related to its participation in the program. Figure 18 below shows the kWh allocated to each EAFWTP and SRWTP by calendar year through December 2025.

Figure 18: SolarShares Kilowatt-Hours (kWh) Credited and Metric Tons of Carbon Dioxide (MTCO_{2e}) Avoided

	EAFWTP	SRWTP		
Year	SolarShares Credits (kWh)	SolarShares Credits (kWh)	Total kWh Credited	Total Metric Tons of Carbon Dioxide Avoided
2018	4,591,088	3,362,686	7,953,774	4,012
2019	4,579,976	3,362,793	7,942,769	4,006
2020	4,581,321	3,484,465	8,065,786	4,068
2021	4,654,294	3,455,901	8,110,195	4,090
2022	4,580,254	3,363,048	7,943,302	4,006
2023	4,593,131	3,363,037	7,956,168	4,013
2024	4,580,918	3,362,857	7,943,775	4,007
2025	4,580,238	3,373,009	7,953,247	4,011
Total	36,741,220	27,127,796	63,869,016	32,213

Source: Auditor analysis of SMUD billing data.

Through December 2025, SMUD has credited DOU sites a total of 63,869,016 kWh of energy from SolarShares resulting in an estimated 32,213 MTCO_{2e} of avoided greenhouse gas emissions. According to the Environmental Protection Agency’s Greenhouse Gas Equivalencies Calculator, this would be the equivalent of CO₂ emissions from consuming over 3.6 million gallons of gasoline, driving more than 82 million miles in a gasoline-powered passenger vehicle, or the electricity use of over 11,100 homes for one year. The City’s continued participation in the SolarShares program, for which the contract will end with the December 2038 billing period, will continue to provide environmental benefits for the duration of the contract, absent a catastrophic event affecting SMUD’s solar arrays.

According to the SMUD website, the Commercial SolarShares program is currently fully subscribed and is not accepting new enrollments as of the date of this report. SMUD may no longer be able to expand their solar panel fields thereby providing capacity for future enrollments. Recent legislation, specifically Public Law 119-21—the One Big Beautiful Bill Act—cuts prior Inflation Reduction Act (Public Law 117-169) provisions aimed at addressing climate risks, including subsidies for solar energy. These changes may make it less cost effective for solar construction as upfront costs will likely be higher than in the recent past.

SMUD’s goal is to reach zero carbon emissions in their power supply by 2030 by focusing on identifying new renewable energy and storage resources, and new technologies like carbon capture and sequestration, green hydrogen, and long-duration energy storage technologies. Additionally, about 40 percent of SMUD’s electricity portfolio is qualified as renewable energy under California’s Renewable Portfolio Standard as of 2024. As a result, there may be diminishing incentives for customers, such as the City, to enroll in new SolarShares contracts if the electricity sold to consumers on the standard market is all renewable energy.

We RECOMMEND the Department of Utilities

- 2. Consider opportunities to identify and use renewable energy sources, working with other City departments as necessary, and with SMUD to identify additional opportunities to participate in emission-reducing energy strategies at EAFWTP and SRWTP.**

MEMO

TO: Farishta Ahrary, City Auditor

FROM: Dalia Fadl, Director

DATE: July 28, 2026

CC: Ryan Moore, Assistant City Manager
Yvette Rincon, Assistant Director

SUBJECT: Audit of the Department of Utilities Energy Use: Power Purchase Agreements

This memorandum is in response to the City Auditor's audit of the Department of Utilities (DOU) Power Purchase Agreement (PPA) contracts currently active in 2026.

The Department of Utilities acknowledges receipt and concurs with the recommendations from the City Auditors written report. DOU will implement the recommendations with all current and future PPA contracts.

I would like to take this opportunity to thank the City Auditor and staff for their effort.

AUDIT RECOMMENDATIONS AND DEPARTMENTAL RESPONSE:

1. **Recommendation:** Review and assess its options for disposition of the PPAs including exercising the five-year options in the current PPAs, purchasing the existing solar arrays, installing new solar arrays, or removing the solar arrays altogether; including identifying additional costs or opportunities for cost savings for each of the scenarios noted.

Response: DOU's energy program manager will implement this recommendation for all current and future PPA contracts, including the current active contracts at SRWTP and EAFWTP.

2. **Recommendation:** Consider opportunities to identify and use renewable energy sources, working with other City departments as necessary, and with SMUD to identify additional opportunities to participate in emission-reducing energy strategies at EAFWTP and SRWTP.

Response: DOU's energy program manager will continue to investigate and evaluate opportunities to reduce energy use and emissions for all DOU assets and facilities, including EAFWRP and SRWTP. DOU will hire an energy consultant to advise on future PPA contracts and also to develop a department-wide Energy Management Plan (EMP). DOU will work with other city departments and SMUD representatives to determine if the SolarShares contract terms can be improved for DOU's benefit.

A dark blue silhouette of the Sacramento skyline, featuring various building shapes and the two towers of the Golden Gate Bridge on the right side.

Audit of the Department of Utilities Energy Use – Power Purchase Agreements

Budget and Audit Committee

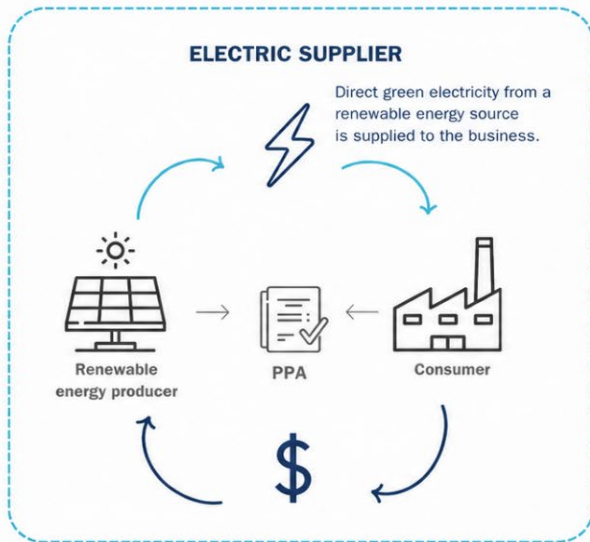
Audit Scope and Methodology

The objective of this audit was to review DOU's Power Purchase Agreements (PPAs) to gain an understanding of their associated costs and benefits.

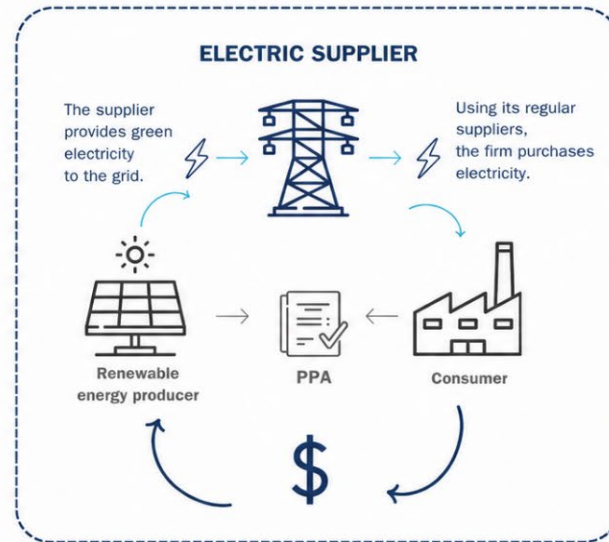
- We reviewed solar billing information from SMUD for the SRWTP and EAFWTP.
- Used power generation data from SMUD to calculate the amount of solar energy generated and used in kilowatt hours (kWh) at the two facilities.
- We benchmarked DOU's PPA contracts to five other municipalities.
- We analyzed buyout or early termination costs in PPA and SolarShares, and alternatives beyond PPA contract horizon.

What is a PPA?

On-site PPA



Off-site PPA



- PPA
- Cash Flows
- Energy Flows

Finding 1: Solar power generation through PPAs at EAFWTP and SRWTP helps to reduce energy costs, but DOU must consider its options upon the conclusion of the initial contract term.



- The on-site PPAs at the EAFWTP and SRWTP sites helped reduce energy costs and support the City's solar energy generation goals.
- Present important long-term operational and financial considerations as the agreements approach key renewal or buyout decision points.
- The agreements end in 2032 (2033 at EAFWTP) so DOU must consider its options at that juncture.

Estimated PPA Savings Across DOU Sites

Year	<u>EAFWTP</u>	<u>SRWTP</u>
	Net PPA Savings (rounded)	Net PPA Savings (rounded)
2021	\$14,800	\$7
2022	\$77,800	\$100
2023	\$112,000	\$43,600
2024	\$116,400	\$49,700
2025	\$143,300	\$45,200
Total	\$464,400	\$138,600
Grand Total	\$603,000	

Benchmarking: contract terms

Most municipalities had contract provisions for:

- production estimates (all years);
- robust maintenance terms;
- remedies/damages for panel non-generation; and
- energy audit clause/damages for contract default.

Contract Terms	City of Sacramento	LA Department of Water and Power	Bonita Vista Middle School	City of Long Beach	City of Ventura	City of Reedley
Year of contract	2011	2014	2012	2017	2023	2020
Energy estimates for first year (kWh)	✓	✓	✓	✓	✓	✓
Energy estimates for all years	✗	✓	✗	✓	✓	✗
Production flat rate	✗	✓	✗	✗	✓	✓
Vendor responsible for maintenance	✓	✓	✓	✓	✓	✓
Contract defines panel inspection frequency	✗	✓	✓	✓	✓	✗
Remedy/damages for non-performance (maintenance)	✗	✓	✓	✓	✓	✗
Rates/production guaranteed	✗	✓	✓	✓	✗	✗
Stated minimum output for panels	✗	✓	✓	✓	✓	✗
Remedy/damages for panel non-performance	✓	✓	✓	✓	✓	✓
Audit clause	✗	✓	✓	✓	✓	✗
Damages for default	✓	✓	✓	✓	✓	✓

Cost Estimates for City Ownership of Solar Panels

- PPA contracts end between 2032 and 2033.
- New solar array using 260-watt panels and equipment could cost up to \$1.9 million at SRWTP.
- At EAFWTP, they could cost up to \$5.3 million.
- New panels at 435 watts could cost approximately \$2.8 million to \$3.2 million at SRWTP, and approximately \$8 million to \$9.2 million at EAFWTP.
- Upgraded panels from 260W to 435W could increase the system generation capacity by 82 percent.

On-Site PPA Contracts are Approaching Key Renewal or Buyout Decision Points. DOU options:

- Extend contracts for five years.
- Purchase the existing solar panels from vendor.
- Remove the existing arrays and install new ones.
- Remove solar panels and use land for other purposes.
- **Recommendation**: Review and assess DOU's options for disposition of the PPAs.



Finding 2: Although participation has resulted in additional energy costs, the SolarShares program has supported the City's renewable energy goals.

- The SolarShares program is a type of off-site PPA and energy is then sold to participants.
- The City enrolled 96 facilities in the SolarShares program, including 38 DOU sites.
- Since the City has been participating in SMUD's Commercial SolarShares program, costs for energy have increased at the SRWTP and EAFWTP sites.
- At the same time, the clean energy produced has offset a great deal of CO₂ emissions.



Metric Tons of CO₂ Emissions Avoided

Year	Total kWh credited	Total Metric Tons of CO ₂ Avoided
2018	7,953,774	4,012
2019	7,942,769	4,006
2020	8,065,786	4,068
2021	8,110,195	4,090
2022	7,943,302	4,006
2023	7,956,168	4,013
2024	7,943,775	4,007
2025	7,953,247	4,011
Total:	63,869,016	32,213

SolarShares resulted in higher energy costs.

- SMUD makes no guarantees with respect to cost savings.
- Uncertain savings in future.
- **Recommendation:**
Consider opportunities to identify and use renewable energy sources, identify additional opportunities to participate in emission-reducing energy programs at SRWTP and EAF.

Net SolarShares Charges/(Credits)		
Year	SRWTP	EAFWTP
2018	\$19,000	\$66,800
2019	\$24,000	\$30,400
2020	\$4,000	\$40,500
2021	(\$11,800)	\$20,100
2022	\$24,900	\$73,300
2023	\$53,700	\$99,800
2024	\$43,800	\$64,800
2025	\$26,600	\$43,200
Total	\$184,200	\$438,800
Grand Total:	\$623,000	

Thank you.

Farishta Ahrary

City Auditor

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City of
SACRAMENTO
Office of the City Auditor



City of Sacramento
Budget and Audit Committee Report
915 I Street Sacramento, CA 95814
www.cityofsacramento.org

File ID: 2026-01263

8/11/2026

Update on Councilmember Proposals Heard by the Budget and Audit Committee

File ID: 2026-01263

Location: Citywide

Recommendation: Receive an oral report on Councilmember Proposals that have been heard by the Budget and Audit Committee.

Contact: Amy Williams, Chief of Staff to the City Manager, (916) 808-5014, awilliams@cityofsacramento.org, City Manager's Office

Presenter: Amy Williams, Chief of Staff to the City Manager, (916) 808-5014, awilliams@cityofsacramento.org, City Manager's Office

Attachments:

- 1-Description/Analysis
- 2-Council Rules and Procedures
- 3-Budget & Audit Council Proposal Tracking Log

Description/Analysis

Issue Detail: The item is intended to provide an oral update to the Budget and Audit Committee (Committee) on current Councilmember proposal requests that have been before the Committee. This update covers only the items that have already gone through this Committee and are now moving on to City Council.

Policy Considerations: The Councilmember Proposal request process is outlined in the City of Sacramento Council Rules and Procedures. The process dictates that a Council Proposal must be submitted in writing to the City Clerk. The proposal must include a summary and background, identify the applicable strategic plan/priority, estimate any budget adjustment or impact, and include additional information sufficient for committee deliberation. The Mayor, in consultation with the City Manager, City Attorney, and City Clerk, shall review all requests and will assign each proposal to a committee based on committee jurisdiction.

Once a proposal is placed on the Council Proposals tracking log, the appropriate City staff is

assigned.

Economic Impacts: Not applicable.

Environmental Considerations: Not applicable.

Sustainability: Not applicable.

Commission/Committee Action: None.

Rationale for Recommendation: This item is being submitted for informational purposes only.

Financial Considerations: None.

Local Business Enterprise (LBE): Not applicable.



Council Rules of Procedure

Resolution No. 2025-0075 Adopted on March 25, 2025



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Chapter I – Authority/Administration

A. General Authorities and Applicability

1. The Charter of the City of Sacramento provides that the city council shall determine its own rules and order of business ([Sacramento City Charter, § 30](#)). These Council Rules of Procedure (“Rules”) apply when not in conflict with the [Charter of the City of Sacramento](#), [Sacramento City Code](#), the Constitution, or laws of the State of California, including the Ralph M. Brown Act ([Government Code, § 54950 et seq.](#)) (Brown Act). Until such time as they are amended or new rules are adopted by resolution, these Rules govern the order and conduct of business of the city council, legislative bodies that meet concurrently with the council, council committees, and council-established boards, commissions, and committees (collectively, “legislative bodies”).
2. These rules are applicable to council-established boards, commissions, and committees, as well as to the persons sitting on those boards, commissions, and committees. Those council-established boards, commissions, and committees that are authorized to adopt rules of procedure shall adopt rules that are consistent with these Rules and may not be in conflict with the Charter of the City of Sacramento, Sacramento City Code, the Constitution, or laws of the State of California.
3. In the absence of council-adopted administrative policies, council staff shall abide by the administrative policies approved by all charter officers.

B. General Administration

1. The council shall review and revise these Rules annually, or as needed.
2. During council discussions, deliberations, and proceedings, the presiding officer has the primary responsibility to ensure that the council, staff, and members of the public adhere to these Rules.
3. Any member who thinks the Rules are being violated may make a “point of order” to call for the presiding officer to enforce the Rules.

C. Amendment

Any rule may be adopted, altered, amended, or repealed by resolution at any time by a majority vote of the council, provided that at least a 120-hour notice of such proposed rule change is given to the councilmembers.

D. Suspension

1. Any rule may be temporarily suspended by a two-thirds vote of all councilmembers present, being not less than five votes.

E. Rosenberg's Rules of Order

To the extent these Rules do not address an issue of parliamentary procedure for legislative body meetings, [*Rosenberg's Rules of Order: Simple Parliamentary Procedures for the 21st Century*](#) shall apply.

Chapter 2 – Duties

A. Duties of Members and Staff

- I. Members and city staff shall conduct the business of the City of Sacramento:
 - a. Recognizing that stewardship of the public interest is of primary concern;
 - b. Working for the common good of the people of Sacramento; and
 - c. Assuring fair and equal treatment of all persons, claims, and transactions coming before the council, council committees, and council-established boards, commissions, and committees.

B. Duties of Mayor and Vice Mayor

- I. The mayor is:
 - a. The presiding officer of the city and of all meetings of the council;
 - b. The official head of the city for performance of duties lawfully delegated to the mayor by the charter;
 - c. Referred to as “chair” or “chairperson” when acting as presiding officer of legislative body meetings other than the council;
 - d. Considered a member of the council;
 - e. Entitled to make and second motions on matters before the council and vote on actions, but possesses no veto power over actions of the council;
 - f. The primary, but not the only, person responsible for interpreting the policies, programs, and needs of city government to the people; and for informing the people of any major change in policies or programs; and
 - g. Empowered, but not exclusively empowered, to make recommendations to the council on all policies and programs that require council decisions; and to perform such other duties as prescribed by the charter.
2. The vice mayor and mayor pro tem shall be elected annually from among the members of the council, other than the mayor, by a majority vote at the council’s first meeting in January.
 - a. In the absence of the mayor from the city or a council meeting, the vice mayor shall possess all powers of the office of the mayor and be subject to all prescribed duties for that office.
 - b. In the absence of the mayor and vice mayor from the city or a council meeting, the mayor pro tem shall possess all powers of the office of the mayor and be subject to all prescribed duties for that office.

Chapter 3 – Conduct of Members

A. Norms and Expectations

I. Members shall:

- a. Put constituents first at all times;
- b. Treat each other, staff, and members of the public with dignity, courtesy, and respect;
- c. Value all opinions, be tolerant of new and different ideas, and encourage creativity and innovation;
- d. Follow through on commitments and be accountable to each other;
- e. Clarify when items are discussed in confidence and maintain appropriate confidentiality;
- f. Be attentive to others, limiting interruptions and distractions;
- g. Encourage dissent in debate while being mindful not to prolong discourse or block consensus;
- h. Be candid with each other about ideas and feelings, and resolve conflicts directly;
- i. Keep comments clear, concise, and on-topic to maximize opportunities for all to express themselves;
- j. Continuously strive to improve how members work as a team;
- k. Place clear and realistic demands on staff resources and time when requesting action;
- l. Start and end meetings on time, work from an agenda, and be present, attentive, and prepared;
- m. Present problems in a way that promotes discussion and resolution; and
- n. Continually work to build trust in each other.

B. General Conduct

I. Members shall:

- a. Treat each other and everyone with courtesy and refrain from inappropriate behavior and derogatory comments;
- b. Be fair, impartial, and unbiased when voting on quasi-judicial actions;

- c. Use the speaker sequencing system to inform the presiding officer of their wish to speak and wait to be acknowledged by the presiding officer before speaking, and abide the following for orderly and courteous discussion:
 - (i) Members should permit the majority to express itself and fashion a result, while permitting the minority to also express itself, but not dominate the discussion, while fully participating in the process;
 - (ii) The presiding officer may give preferential speaking order to the councilmember who represents the district of the agenda item;
 - (iii) In the interest of time, the presiding officer may limit the time allotted to speakers, including members of the body;
 - (iv) Members are encouraged to hear comments from other members prior to speaking a second time; and
 - (v) It is usual courtesy for the presiding officer to play a less active role in the debate and discussion and to make a summary or final comments on any item.
- d. Move to require the presiding officer to enforce this chapter, and the presiding officer shall do so upon an affirmative vote of a majority of the members present;
- e. Preserve order and decorum during the meeting;
- f. Not delay or interrupt the proceedings or the peace of the council, nor disturb any member while speaking, by conversation or otherwise, nor disobey the orders of the council, or the presiding officer, except as otherwise herein provided;
- g. Abide by the Confidential Information Policy (Resolution No. 2010-0108) prohibiting disclosure of confidential communications and authorizing public censure for failure to comply with the policy;
- h. Support the laws established by the council; and
- i. Abide by this chapter in conducting the business of the City of Sacramento.

C. Conduct with Members

I. Members shall:

- a. Value each other's time;
- b. Attempt to build consensus on an item through an opportunity for dialogue; but when this is not possible, the majority vote shall prevail, and the majority shall show respect for the opinion of the minority;

- c. Have the right to dissent from, protest, or comment upon any action of the council;
- d. Respect each other's opportunity to speak and, if necessary, agree to disagree;
- e. Avoid offensive negative comments and practice civility and decorum during discussions and debate; and
- f. Assist the presiding officer's exercise of the affirmative duty to maintain order.

D. Conduct with City Manager and Staff

I. Members of the city council shall:

- a. Speak to the city manager directly on issues and concerns;
- b. Direct the city manager to implement council's policy decisions through the administrative functions of the city;
- c. Treat staff professionally and refrain from publicly criticizing individual employees;
- d. Avoid involvement in personnel issues except during council closed sessions regarding council-appointed staff, including but not limited to the city attorney, city auditor, city clerk, city manager, city treasurer, or director of the office of public safety accountability;
- e. Discuss directly with the city attorney, city auditor, city clerk, city manager, city treasurer, or director of the office of public safety accountability as appropriate, any displeasure with their department or staff; and
- f. Request answers to questions on council agenda items from the city attorney, city auditor, city clerk, city manager, city treasurer, or director of the office of public safety accountability, department directors, or division managers prior to the meeting whenever possible.

2. General Direction

- a. Council requests that deal with policy issues and council requests that may be construed as direction must be directed to the city manager, except for general inquiries or questions, in which case the council may go to the department directors or key staff in the City Manager's Office. Members may also deal directly with the city attorney, city clerk, city treasurer, city auditor, or other staff appointed by the council.

E. Conduct with the Public

I. Members shall:

- a. Make the public feel welcome;
- b. Be impartial, respectful, and without prejudice toward the public;
- c. Listen courteously and attentively to public comment;
- d. Not argue back and forth with members of the public; and
- e. Make no promises to the public on behalf of the legislative body.

F. Conduct with Other Agencies

I. Members shall:

- a. Project a positive image of the city when dealing with other agencies;
- b. Show tolerance and respect for other agencies' opinions and issues and, if necessary, agree to disagree;
- c. Represent official policies or positions of the council when designated as delegates of a legislative body;
- d. Explicitly state when their opinions and positions do not represent the legislative body when representing their individual opinions and positions, and not allow the inference that they do (see also Rule 13.A.1.c); and
- e. Have the ability to lobby or discuss issues that have been adopted by legislative bodies or are standing policies of the legislative bodies with other legislators, government officials, applicants, or other interested persons.

G. Conduct with Boards and Commissions

I. Councilmembers shall:

- a. Treat all members of boards, commissions, and committees with appreciation and respect; and
 - b. Refrain from participation at board, commission, and committee meetings with the purpose of influencing the outcome of those meetings.
2. Rule 3.G.1.b does not apply to the Compensation Commission, Sacramento Ethics Commission, or Independent Redistricting Commission.

H. Conduct with the Media

1. Members shall not discuss – or go "off the record" with the media to discuss – confidential or privileged information pertaining to closed sessions, or attorney-client privileged or attorney work product communications, including personnel, litigation, or real property negotiations.
2. Providing non-confidential, non-privileged background information is acceptable.

I. Ethical Conduct

1. Members shall conduct themselves in accordance with the Sacramento City Code of Ethics ([Sacramento City Code § 4.02](#)) including but not limited to:
 - a. Members shall comply with the citywide nepotism policy adopted or approved by city council resolution.
 - b. Members shall comply with the citywide whistleblower protection policy adopted or approved by city council resolution.
 - c. Members shall receive ethics training material, as required by Assembly Bill 1234 within 30 days of taking office and at least every two years.
 - d. Members shall receive sexual harassment training material, as required by Assembly Bills 1825 and 1661 within 30 days of taking office and at least every two years.
 - e. Members shall follow the Political Reform Act and Fair Political Practices Commission regulations.
 - f. Members shall conduct themselves in accordance with such policies and training.

Chapter 4 – Conduct of City Staff

A. General Conduct

I. Staff shall:

- a. Prepare well-written staff reports and provide accompanying documents on all agenda items in accordance with the agenda format and preparation schedule;
 - b. Be available for questions from members in accordance with the [Brown Act](#) prior to and during meetings;
 - c. Respond to questions from the public during meetings only when requested to do so by members or the city manager;
 - d. Refrain from arguing with the public or members; and
 - e. Switch electronic equipment such as cellular telephones to silent or off mode during council meetings.
2. Staff shall remain objective on issues and not be advocates for issues unless so directed by the legislative body.
 3. To the extent permitted by the [Brown Act](#), the city manager and staff shall, as soon as possible, inform the mayor and members representing the districts affected of controversial, significant-impact issues that are coming before the legislative body.
 4. The city manager shall advise management staff of potentially political or controversial issues coming before the legislative body and direct staff to be present and appropriately prepared.
 5. The city manager shall make available an informational briefing for members' staff for items affecting the city and items on, or potentially on, the council agenda. Briefings shall include necessary department staff and shall take place as soon as possible.

Chapter 5 – Conduct of the Public

A. General Conduct

I. Decorum.

- a. Members of the public attending council meetings shall observe the same rules and decorum applicable to the members and staff as noted in chapters 3 and 4 of these Rules.
- b. No person shall engage in conduct that is intended to or is likely to provoke violent or riotous behavior, nor shall any person engage in conduct that disturbs the orderly conduct of the council meeting. Examples of disorderly conduct include:
 - (i) Feet-stamping.
 - (ii) Whistling or other abrupt noises.
 - (iii) Yelling or shouting or interrupting a speaker who is addressing the council.
 - (iv) Organized silent demonstrations and other demonstrations intended to disturb the progress of the meeting.
 - (v) Physically threatening conduct.
 - (vi) Verbal threats.
 - (vii) Banging, slamming, or throwing objects.
 - (viii) Interfering with other attendees' ability to participate or address the council.
 - (ix) Entering areas of the chamber not intended for the public.
 - (x) Incitement to commit unlawful or disturbing acts or disrupt proceedings.
 - (xi) Refusing to abide speaker time limits and leave the podium when directed.
 - (xii) Placing physical objects in a manner that creates a disturbance or disrupts proceedings.
 - (xiii) Interjection when not at the podium.
 - (xiv) Refusing to heed the presiding officer's call for order.

- (xv) Approaching the podium or dais without permission of the presiding officer.
 - (xvi) Signs may not be mounted to any solid item that would facilitate holding or waving and may not impede the view of other attendees.
- c. Enforcement. In addition to the presiding officer, the decorum officer and the sergeant-at-arms shall have primary responsibility for enforcing council meeting decorum. Additionally, any member may at any time call for a point of order, to request the timely enforcement of these rules of decorum.
- (i) The presiding officer shall request that a person who is breaching the rules of decorum cease the conduct. If the person does not cease the conduct immediately, the presiding officer may order the person to leave the council meeting or order the sergeant-at-arms to remove the person.
 - (ii) The decorum officer, who shall be a council-selected person who sits on the dais, may also exercise the duties of the presiding officer in Rule 5.A.1.c.(i) above.
 - (iii) The sergeant-at-arms shall assist in enforcing the rules of decorum, including removing disorderly persons upon order of the presiding officer or decorum officer.
 - (iv) If decorum cannot be maintained in council chambers, the presiding officer may take a recess so that decorum can be established.
 - a. If any meeting is willfully interrupted by any person or groups of persons so as to render the orderly conduct of such meeting unfeasible and order cannot be maintained by the removal of individuals who are willfully interrupting the meeting, the members of the legislative body conducting the meeting may order the meeting room cleared and continue in session. ([Government Code, § 54957.9](#)).

The presiding officer shall direct the sergeant-at-arms to allow the following to attend the remaining session:

- i. Once decorum is restored, allow all participants back into council chambers; or
- ii. Once decorum is restored, allow all persons, with the exception of any individuals identified by the presiding officer or decorum officer who were willfully interrupting the meeting or participating in the disturbance, back into council chambers; or

- iii. Once decorum is restored, allow only credentialed representatives of the press or other news media, except those participating in the disturbance, back into council chambers.
 - (v) If it is unfeasible to continue the orderly conduct of the meeting in the council chambers the council will continue the meeting in another room at the City Hall Complex and only city staff, credentialed members of the press or other news media, except those participating in the disturbance, will be allowed into the meeting.
- 2. Lobbyists shall identify themselves and the client(s), business, or organization they represent before speaking to the council ([Sacramento City Code, § 2.15.160](#)).

B. Addressing the City Council

- 1. Purpose of public comment. During regular meetings, the city provides opportunities for the public to address the council as a whole in order to listen to the public's opinions regarding agendized items and unagendized matters within the subject matter jurisdiction of the city. At all other (special) meetings, public comment is limited to agendized items.
 - a. Public comments should not be addressed to individual members nor to city officials, but rather to the council as a whole regarding city business. Comments should be directed to the council and not the audience.
 - b. While members of the public may speak their opinions on city business, personal attacks on members and city officials, use of swear words, and signs or displays of disrespect for individuals are discouraged as they impede good communication with the council.
 - c. Consistent with the [Brown Act](#), the public comment periods on the agenda are not intended to be "question and answer" periods or conversations with the council and city officials. The limited circumstances under which members may respond to public comments are set out in Rule 8.D.2.
 - d. Members of the public with questions concerning consent calendar items may contact the staff person or the member whose district is identified on the report prior to the meeting to reduce the need for discussion of consent calendar items and to better respond to the public's questions.
 - e. The presiding officer may stop a member of the public whose comments are not confined to the agendized item being heard. During the public comment portion of the agenda, the presiding officer may stop a member of the public whose comments are not within the subject matter jurisdiction of the city.
- 2. Speaker time limits. In the interest of facilitating the council's conduct of the city's business, the following time limits apply to members of the public (speakers) who wish to address the council during the meeting.

- a. Matters not on the agenda: two minutes per speaker.
 - b. Consent calendar items. The consent calendar is considered a single item and speakers are therefore subject to the two-minute time limit for the entire consent calendar. Consent calendar items can be pulled at a member's request and will be considered individually, with up to two minutes of public comment per speaker.
 - c. Discussion calendar items: two minutes per speaker.
 - d. Time limits per meeting. In addition to the above time limits per item, the total amount of time any one speaker may address the legislative body at a meeting is eight minutes.
 - (i) Each speaker shall limit their remarks to the specified time allotment.
 - (ii) The presiding officer shall consistently utilize the timing system, which provides speakers with notice of their remaining time to complete their comments. A countdown display of the allotted time will appear on the screen behind the dais.
 - (iii) In the further interest of time, speakers may be asked to limit their comments to new materials and not repeat what a prior speaker said. Organized groups may choose a single spokesperson who may speak for the group, but with no increase in time.
 - (iv) Speakers shall not concede any part of their allotted time to another speaker.
 - (v) The presiding officer may further limit, or expand, the time allotted for public comments per speaker or in total for the orderly conduct of the meeting; such limits shall be fairly applied.
2. Speaker slips. Members of the public in chambers wishing to speak to the legislative body must submit to the city clerk a completed speaker's slip indicating the agenda item or matters not on the agenda item that they wish to address before the item is called.

C. Electronic Devices

1. Members of the public shall turn their electronic devices that are capable of emitting sound – including cellular telephones, personal data devices, digital tablets, laptop computers, etc. – to the off- or silent-mode during council meetings.
2. Cameras. Cameras and recording equipment may be used during council meetings only if:
 - a. The devices are silent during use;
 - b. The devices are used in a manner and at locations that do not impede walkways or others views of the meeting or disrupt the conduct of the meeting;
 - c. Continual lighting may not be used with video recording; and
 - d. Flash photography is not allowed.

D. Speaker Location and Documents

1. Members of the public shall not approach the dais without the express consent of the presiding officer or city clerk.
2. Members of the public wishing to address the legislative body must approach the podium when recognized by the presiding officer or city clerk and speak only from the podium.
3. Members of the public may make oral communications but may not display any content on the overhead screens or otherwise. Members of the public wishing to provide documents to the council shall comply with Rule 7.D.

Chapter 6 – Meeting Types and Schedules

A. Regular Meetings

1. The city council shall hold regular meetings and provide the time, place, and manner of holding its meetings by annual resolution. A majority of regular council meetings must be held after 5:00 p.m. All meetings of the council must be open to the public, except as permitted by state law ([Sacramento City Charter, § 31](#)).
2. The city council shall generally meet on Tuesdays at either 2:00 p.m. or 5:00 p.m. in the City Hall Council Chamber, 915 I Street, First Floor, Sacramento, California, except as otherwise stipulated in the adopted meeting schedule.
3. City council standing committees shall generally meet on Tuesdays at 11:00 a.m. in the City Hall Council Chamber, 915 I Street, First Floor, Sacramento, California, except as otherwise stipulated in the adopted meeting schedule.
4. City boards, commissions, and committees shall hold regular meetings and provide the time, place, and manner of holding its meetings, according to the council-adopted meeting schedule. All meetings of the city's legislative bodies must be open to the public, except as permitted by state law. The city council shall annually, and as needed, adopt a meeting schedule for all city legislative bodies.
5. City boards, commission, and committees shall generally meet at either 11:00 a.m., 1:00 p.m., or 5:30 p.m. at the City Hall Complex, 915 I Street, Sacramento, California, except as otherwise stipulated in the council-adopted meeting schedule.

B. Adjourned Meetings

As permitted by law, the legislative body may adjourn any regular, adjourned regular, special, or adjourned special meeting to a time and place specified in the motion of adjournment.

C. Special Meetings

1. The mayor or a majority of the members of the City Council may direct the city clerk to call a special meeting by providing notice 24-hours in advance of the meeting to the mayor, to all members, and to all media outlets and persons having requested in writing notification of such meetings pursuant to state law.
2. Whenever practicable, special meetings must take place in the council chamber and be video streamed live and recorded for viewing later.

D. City Council Emergency Meetings

1. In the case of an emergency situation involving matters upon which prompt action is necessary due to the disruption or threatened disruption of public facilities or services, the City Council may hold an emergency meeting without complying with either the 120-hour (regular meeting) or 24-hour (special meeting) notice and

posting requirements but shall otherwise comply with the [Sacramento City Code § 4.04](#) and [Brown Act](#) procedures generally stated below.

2. Each local newspaper of general circulation and radio or television station that has requested notice of emergency meetings pursuant to the [Brown Act](#) shall be notified by the City Clerk, or designee thereof, at least one hour prior to the emergency meeting, or in the case of a dire emergency, at or near the time that the presiding officer or designee notifies the members of the emergency meeting.
3. This notice shall be given by telephone call or text message to the numbers provided in the most recent request for notification.
4. In the event that telephone services are not functioning, the notice requirements of this section are deemed waived, and the legislative body, or designee of the legislative body, shall notify those newspapers, radio stations, or television stations of the emergency meeting, the purpose of the meeting, and any action taken at the meeting as soon after the meeting as possible.
5. During an emergency meeting, the legislative body may meet in closed session pursuant to the [Brown Act](#) if agreed to by a two-thirds vote of the members present, being not less than five votes of the council.
6. All special meeting requirements in the [Brown Act](#) are applicable to an emergency meeting, except for the 24-hour notice and posting requirement.
7. The minutes of an emergency meeting; a list of persons who the presiding officer of the legislative body, or designee of the council, notified or attempted to notify; a copy of the roll call vote; and any actions taken at the meeting, shall be posted for a minimum of ten days in a public place as soon after the meeting as possible.

E. Closed Sessions

1. Closed sessions generally shall be special meetings held immediately prior to regular meetings.
2. In accordance with the [Brown Act](#), the public may speak regarding any closed session item prior to the closed session.
3. All closed session information, verbal or written, is privileged and confidential and shall not be shared with any person not at the closed session. Any member sharing information in violation of this rule may be subject to censure by the council consistent with the council's confidentiality policy then in effect.
4. The city attorney shall report out in public session any reportable actions that were taken by council and the vote on such actions in accordance with the [Brown Act](#).
5. For closed sessions related to appointive-officer performance evaluations and compensation, see Chapter 18.

F. Public Hearings

1. The city clerk shall set council hearing dates and notify the council via the preliminary draft agenda on all matters that require a notice and public hearing before the council, such as matters received from the planning division and appeals to the council.
2. Public hearings will not be withdrawn or continued without the full knowledge and concurrence of the councilmembers within whose districts/jurisdiction the issue resides.
3. The council may refuse to grant a continuance of any hearing unless there is a valid legal reason why the hearing must be continued.
4. Continuances.
 - a. Any person (applicant, appellant, or designated representative) scheduled for a public hearing before the legislative body:
 - (i) May obtain one continuance for a period not to exceed the second regular meeting after the original scheduled hearing date, as a matter of right, without personally appearing on the scheduled hearing date, provided a written request for the continuance must be delivered to the city clerk by noon on the day prior to the scheduled public hearing. Any person who has once obtained a continuance by any procedure may not obtain a subsequent continuance under this Rule 6.F.4.a(i).
 - (ii) Who wants to obtain a continuance of the hearing beyond the second regular meeting after the original scheduled hearing date, or who has not notified the city clerk as provided in Rule 6.F.4.a(i), may obtain a continuance only by appearing before the legislative body at the time the original hearing is scheduled and requesting a continuance. This continuance is not a matter of right and will not be granted unless the legislative body is satisfied that good cause exists for the continuance and that a substantial number of people will not be inconvenienced by such continuance.
 - (iii) Who has once obtained a continuance of a hearing either by notice to the city clerk under Rule 6.F.4.a(i) or by personal appearance under Rule 6.F.4.a(ii) may obtain a further continuance only by appearing before the legislative body at the scheduled hearing and satisfying the legislative body that extraordinary circumstances exist that would justify this second continuance.

- (iv) Who has twice obtained a continuance of a hearing may obtain an additional continuance only by appearing before the legislative body at the scheduled hearing and satisfying the legislative body that a miscarriage of justice would result from the refusal of the legislative body to grant a continuance.
- b. City staff may obtain a continuance based on the need of the originating department or on behalf of a member. Department staff may request, via the city clerk, as many continuances as needed to complete and ready the project or appeal for the hearing process; however, staff may not serve as a requestor on behalf of an applicant or appellant.
- c. Any organized group of residents or neighborhood associations not recognized as an applicant or appellant may contact their councilmember and request a continuance as needed to complete and ready the project or appeal for the hearing process. The member, in their sole discretion, may request the legislative body approve the continuance for good cause.
- d. At the meeting when the hearing is scheduled, but before the hearing starts, any member may request the council approve a continuance.
- e. Disputes regarding the length of a continuance will be decided by the council at the scheduled hearing if city staff or the city clerk cannot obtain mutual agreement between the parties beforehand.

G. Teleconference Meetings

- a. Members of the City Council may participate via a teleconference platform only in accordance with the [Brown Act](#).

H. Televised Meetings

- a. City Council meetings held in the council chambers are generally telecast via local television and available live via video streaming on the city's official [website](#) and recorded for viewing later.
- b. Standing committee and city established board, committee, and commission meetings held in the council chambers or historic hearing room are available live via video streaming on the city's official [website](#) and recorded for viewing later.

Chapter 7 – Meeting Agendas

A. Requirements for Agenda Item Submission

1. The city manager and city clerk shall develop the agenda for council meetings in consultation with the mayor and/or vice mayor, with the exception of agenda items involving the compensation of charter officers or any personnel that report to the council, which may only be brought forward with the initial approval of the mayor, or recommendation by a majority of the Personnel and Public Employees (P&PE) Committee.
2. Charter officers, the director of the office of public safety accountability, and the Sacramento Housing and Redevelopment Agency executive director may submit staff reports or descriptions of oral reports to the city clerk for placement on the agenda.
3. Department directors, subject to the discretion of the city manager, may submit staff reports, including oral reports, to the city clerk for placement on the agenda.
4. Outside agencies and advisory bodies, and city boards, committees, and commissions may submit agenda items in accordance with the following:
 - a. Items must be sponsored for agenda placement by the mayor, charter officers, or department staff; and
 - a. All agenda items must be submitted in accordance with the agenda packet submission and preparation requirements.
5. Prior to an agenda item being brought to the city council, it should be brought to any relevant city board, committee, or commission and the staff report should include the board, committee, or commission recommendation.

B. Declaration of Policy

1. No ordinance, resolution, motion, or item of business may be introduced or acted upon at a meeting of a legislative body of the city without it appearing on a duly noticed and posted agenda in accordance with [Sacramento City Code § 4.04](#) and the [Brown Act](#). Exceptions to this rule are limited to those provided by state law.
2. No ordinance, resolution, motion, or item of business will be considered that:
 - a. Does not affect the conduct of the business of the City of Sacramento or its powers or duties as a municipal corporation, or
 - b. Supports or disapproves of any legislation or action
 - (i) Of the State of California;
 - (ii) Of the President or Congress of the United States; or

- (iii) Before any officer or agency of the state or nation, unless the proposed legislation or action, if adopted, will affect the conduct of the municipal business or the powers or duties of the City of Sacramento or its officers or employees.

- c. Rule 7.B.2 may be invoked only before public comment or council deliberation on the matter and by five affirmative votes on the question: "Shall the council consider this matter?"

C. Procedures for Submission of Reports

- 1. A written staff report should be prepared and submitted in accordance with the agenda review procedure and reviewed by the relevant departments including but not limited to finance, city manager, and city attorney.
- 2. Continued items do not require a new report if there are no changes other than the agenda date. If there is any other change, a new report meeting all applicable requirements must be submitted.
- 3. Staff reports should include sufficient information for members of the council and the public to understand the action being considered, including any board, commission, or committee recommendation, and the appropriate legislative history.

D. Written Communications from the City and the Public

- 1. The city clerk shall manage communications to members regarding meeting topics to ensure compliance with the [Brown Act](#).
 - a. Except for records exempt from disclosure under the California Public Records Act ([Government Code, § 54957.5](#), subd. (b)) and otherwise by law, agendas and any other writings distributed to all or a majority of the members of a legislative body for discussion or consideration at a public meeting are disclosable to the public and shall be made available upon request without delay.
 - b. Materials distributed to the members during the meeting shall be available for viewing by the public during the meeting if the materials were prepared by the city or a member, or at the conclusion of the meeting if prepared by another person ([Government Code, § 54957.5](#), subd. (b)).
- 2. Interested parties or their authorized representatives may address the council by written communications regarding agenda items.
 - a. Written communications received by the city clerk will be delivered to members as soon as possible or at the city council meeting if related to an item on that meeting agenda.

- b. Members of the public may submit comments via the agenda “e-comment” function on the city’s [website](#). E-comments can be submitted and viewed on the city’s website agenda page once an agenda is posted and until adjournment of that meeting. The full e-comment package will be available in the city’s online records library after the conclusion of a meeting.
- c. Documents (20 copies recommended) that members of the public submit to the legislative body at the meeting shall be given directly to the city clerk for distribution and shall not be given directly to the members. The documents will be made available to the public.

E. Preparation of the Agenda Packet

- 1. No later than 120-hours prior to each regularly scheduled meeting, the city clerk shall finalize the agenda packet.
- 2. Agenda Packet Contents.
 - a. The agenda packet will include the agenda, the staff reports, draft resolutions and ordinances, contracts, and other attachments. Items noted as “To Be Delivered” on the agenda will be delivered and published to the city’s [website](#) upon receipt by the city clerk. No item is required to be considered by the legislative body if the applicable written material is not delivered to the members before the meeting and made available to the public at the same time.
 - b. Corrections or supplements to a staff report or other written materials already included in the agenda packet may be delivered separately.
 - c. All agreements on the agenda must be available for review by the council and the public prior to the meeting, or at the meeting location during the meeting, unless determined otherwise by the city attorney.
 - d. Unless waived by a two-thirds vote of council, all city labor agreements and all agreements greater than \$1,000,000 must be posted on the city’s website and be made available to the public at least ten days prior to council action as required by [Sacramento City Code section 4.04.020](#).

F. Distribution of the Packet

- 1. The city clerk shall make available the agenda packet to the councilmembers and post it to the website no later than 120 hours prior to a regularly scheduled meeting.

G. Posting of Agenda

- 1. The city clerk shall post the agenda of each regular meeting of the legislative body at least 120-hours in advance of the meeting in a location that is freely accessible to members of the public, as required by the [Brown Act](#).

2. The city clerk shall maintain an affidavit indicating the location, date, and time of posting each agenda.
3. If technical difficulties occur, the agenda and reports will be published on the city's [website](#) as soon as those difficulties are resolved.

H. Failure to Meet Agenda Deadlines

1. The city clerk shall not, without the concurrence of the city manager and city attorney, accept any agenda item or revised agenda item after the deadlines established and noted in these Rules.
2. Any agenda items or revised agenda items will be reviewed by relevant departments as identified by the agenda workflow approval process.

I. Exceptions to the Agenda Requirement

1. Matters not included on the published agenda may be discussed and acted upon by the legislative body only in the following situations:
 - a. At a meeting during which a majority of the members determine in open session that the matter in question constitutes an "emergency" ([Government Code, § 54956.5](#)); or
 - b. Upon a determination by two-thirds of the members, or if less than two-thirds are present by unanimous vote of the members present, that:
 - (i) There is a need to take immediate action; and
 - (ii) The need for action came to the attention of the city after the agenda had been posted.

J. Order of Business and Types of Agenda Items

The order of business should be carried out as listed on the agenda in the order as set out below; however, the presiding officer may reorder the items at the meeting, unless members object. Members may request items be reordered by motion.

1. Closed Session: confidential discussions with the legislative body as permitted by the [Brown Act](#).
2. Special Presentations/General Communications: the presentation and receipt of ceremonial resolutions and recognitions not requiring formal legislative body action. Special presentations are limited to two per meeting and no more than five minutes each.
3. Consent Calendar: considered one item, consisting of matters routine in nature and not likely to be subject to debate or inquiry by the members or the public; typically adopted in one motion.

4. Public Hearings: duly noticed hearings as mandated by local, state, or federal law, providing an opportunity for public review and comment of a proposed action by the council.
5. Discussion Calendar: non-routine items requiring an oral presentation and discussion before action is taken.
6. Information Items: items when staff is required by federal or state law or city code to inform council of an issue when authority has been delegated to a person, position, board, or commission.
7. Council Comments – Ideas, Questions, and ABI234 Reports:
 - a. Brief oral or written reports summarizing meeting or conference attendance at city expense, as required by Assembly Bill 1234 ([Government Code, § 53232.3](#));
 - b. Requests for the city manager or staff to report on various issues;
 - c. Requests to place items on a future council meeting agenda;
 - d. Requests to refer preparation or review of non-binding resolutions or ordinances to the Law and Legislation Committee; and
 - e. Reports on district and citywide activities or news.
8. City Manager's Report
 - a. Brief oral report from the City Manager or designee.
9. Public Comment-Matters Not on the Agenda: oral communications from the audience regarding matters not on the agenda but within the subject matter jurisdiction of the city.

K. Ordinances and Non-Binding Resolutions

1. Ordinance and non-binding resolution preparation must be referred to the Law and Legislation Committee (L&L) before coming to council, as described in Rule 13. However, ceremonial city council resolutions (see Rule 7.L, below) need not be referred to the Law and Legislation Committee.
2. Ordinances on the agenda may be passed for publication or adopted in accordance with the procedures in [Sacramento City Charter § 32](#).
3. Ordinance changes during the review and adoption process.
 - a. The text of an ordinance as approved by the L&L Committee, receiving the necessary votes to bring the matter to council under Rule 13, must be the text that is included in the published agenda as pass-for-publication.

- b. If an ordinance is brought to council under Rule 13, the text of the ordinance brought to council must be the same text as was submitted to the L&L Committee.
 - c. The text of an ordinance passed for publication must be the text that is included in the published agenda for the meeting at which the adoption of the ordinance is discussed.
 - d. Notwithstanding subsections a, b, and c, typographical and clerical errors may be corrected at any time during the ordinance review and adoption process.
 - e. If a member intends to make a substantive (i.e., anything not typographical or clerical) change to an ordinance after it is included in a published agenda, at or before the time the ordinance adoption item is called on the agenda, the member shall distribute sufficient written copies of the proposed change so that all other members, the charter officers, relevant city staff, and the public audience have copies.
 - f. If the legislative body's motion to adopt a resolution or ordinance includes a change to the resolution or ordinance text from that published in the agenda, prior to the vote the city clerk shall repeat verbatim the proposed change or otherwise indicate the change is reflected in the circulated written copy of the change.
 - g. Ordinances bypassing the pass-for-publication requirement under Sacramento City Charter § 32 are subject to this Rule 7.K.3, as applicable.
4. Except as set forth in section (a) below, council can consider adoption of non-binding resolutions. Non-binding resolutions are those within which the council declares its position and opinions on an issue, policy, or other matter that falls outside of the jurisdiction of the city and the council lacks legal authority to establish or regulate. The council may act on such a non-binding resolution if it determines that the matter is of such importance that the council should make the symbolic gesture of adopting a resolution declarative of council's position.
- a. The city council shall not act or take a position on matters concerning foreign policy, except upon a 2/3 vote of the Council determining that those matters directly affect the City of Sacramento.

L. Ceremonial City Council Resolutions

- I. A ceremonial city council resolution is non-binding and has no authority.
 - a. The city council may recognize and celebrate community members, organizations, and events for their contributions to the City of Sacramento and raise awareness surrounding important issues that affect the greater community.
 - b. Ceremonial city council resolutions are not intended for political, commercial, or narrow individual purposes, and should be consistent with the overall policies of the city council. These resolutions shall not inhibit, benefit, or promote religious activities, shall be non-discriminatory, and may not promote political advocacy activities.
2. Requests for ceremonial city council resolutions should be directed to the city clerk, who will work in collaboration with the mayor to finalize language and schedule for presentation at an upcoming city council meeting.
 - (i) A ceremonial city council resolution is the highest council honor reserved for individuals and organizations who have made extraordinary, lasting, or significant contributions to the City of Sacramento and its residents and who should be held in high esteem.
 - (ii) This type of recognition should be awarded to City of Sacramento residents, organizations, businesses, dignitaries, and other similar entities who have made significant contributions to the community; non-profit corporations, sports teams, or individuals who have won state, regional, or national titles; acts of heroism, including those as defined by police, fire, and other public safety departments; and individuals deserving exceptional commendation for their contribution to the City as a whole and its residents.
 - (iii) An Obituary Resolution may be issued to the family in honor of a deceased community member in memoriam of an individual who has made a significant contribution to the City of Sacramento and is generally presented in the community and not at a city council meeting.
3. Individual councilmembers may also create and present ceremonial council-district recognitions in their specific community. An individual councilmember recognition may be issued to individuals, organizations, or groups who have made significant contributions within a specific council district or districts or in support of programs or organizations of interest to the residents of the district.

Chapter 8 – Conduct of Meeting

A. Call to Order – Presiding Officer

1. The mayor, or in the mayor's absence the vice mayor, shall take the chair at the hour appointed for the meeting and shall immediately call the meeting of the council to order.
2. In the absence of the mayor and vice mayor, the mayor pro tem shall preside over the meeting.
3. Upon the arrival of the mayor, the vice mayor shall immediately relinquish the chair at the conclusion of the business then before the council.
4. For council standing committees the chair shall call to order and preside over the meeting. In the absence of the chair, the vice chair shall perform the duties and obligations of the chair.
5. For all other city established legislative bodies the chair shall call to order and preside over the meeting. In the absence of the chair, the vice chair shall perform the duties and obligations of the chair. In the absence of chair and vice chair, the city clerk shall call the meeting to order, and a temporary chairperson shall be elected from among the members present. Upon arrival of the chair or vice chair, the temporary chairperson shall relinquish the position upon conclusion of the item then before the legislative body.

B. Roll Call/Attendance

1. A majority of the members of the council then in office constitutes a quorum ([Sacramento City Charter § 30](#)).
2. A majority of members of the council established legislative body constitutes a quorum.
3. Before the legislative body proceeds with the business before it, the city clerk shall note the members present for the minutes. The late arrival and early departure of members will be entered into the action minutes.
4. A councilmember is considered present at a meeting if the member is either physically in the council chamber or is participating in the meeting through teleconference in accordance with the [Brown Act](#). Meeting attendance of the mayor or councilmembers through teleconference is permitted only in extraordinary circumstances.
5. Members must be physically present at the council chamber dais or teleconference location to vote. Proxy or absentee voting is not permitted.

C. Order of Discussion

The order of business must be carried out as listed on the agenda as set out below; however, the presiding officer may reorder the items at the meeting, unless members object. Members may request items be reordered by motion.

- I. Consent calendar, and any items removed for discussion.
 - a. Mayor, members, or charter officers may request that any matter be removed from the consent calendar and a separate vote taken.
 - b. All matters remaining on the consent calendar shall be approved by a single action, such single action to have the legal effect of individual action on each matter.
 - c. If consent calendar items are removed, they shall be discussed immediately after adoption of the balance of the consent calendar.
2. Public Hearings
 - a. The order of public hearings will generally be as follows:
 - (i) **Open the public hearing.**
 - (ii) Member report of ex parte communications.
 - (iii) Staff comments, information, and reports, followed by member questions.
 - (iv) Proponent, if applicable, speaks, followed by member questions.
 - (v) Opponent, if applicable, speaks, followed by member questions.
 - (vi) If the public hearing is on an appeal that does not require council de novo review, then the appellant (opponent) speaks before the applicant (proponent) in accordance with the allotted time.
 - (vii) Public comments.
 - (viii) If the public hearing is a de novo review appeal, the applicant speaks in rebuttal, but if not a de novo review appeal, the appellant speaks in rebuttal.
 - (ix) Closure of public comment period.
 - (x) Further member discussion.
 - (xi) **Motion to close public hearing and take action.**

- b. The presiding officer may direct speakers to avoid repetition in order to permit maximum information to be provided the legislative body within the time allotted for the hearing.
 - c. The appellant and applicant shall be allocated sufficient time to address the legislative body. However, reasonable time limits on persons addressing the legislative body, including applicants, proponents, and opponents may be imposed if necessary for the orderly conduct of the hearing and the limits are fairly applied.
- 3. Discussion Calendar
 - a. The order of discussion after introduction of an item will generally be as follows:
 - (i) Staff comments, information, and reports, followed by questions from the members.
 - (ii) Public comments and information, followed by questions from the members.
 - (iii) Member discussion, motion, and action.
 - b. Once the item is placed before the council for discussion, motion, or action, no member of staff or the public is allowed to address the council without the consent of the mayor or members.
- 4. Council Comments – Ideas, Questions, and ABI 234 Reports
 - a. Brief oral or written reports summarizing meeting or conference attendance at city expense, as required by Assembly Bill 1234 ([Government Code, § 53232.3](#));
 - b. Requests for the city manager or staff to report on various issues;
 - c. Requests to place items on a future council meeting agenda; or
 - d. Reports on district and citywide activities or news.
- 5. City Manager's Report
 - a. Brief oral report from the City Manager or their designee.
- 6. Public Comment for Matters Not on the Agenda
 - a. As required by the Brown Act, a portion of each council meeting agenda will provide an opportunity for members of the public to address the council on any agenda item, including closed session and consent calendar items. Regular meeting agendas also will provide for public comment on any unagenda item that is within the subject matter jurisdiction of the city.

- b. In response to public comment on unagendized items, the members may individually:
 - (i) Briefly respond to statements made or questions posed by members of the public;
 - (ii) Ask questions for clarification;
 - (iii) Provide a reference to staff or other resources for factual information or response;
 - (iv) Request staff to report to the council at a subsequent meeting; or
 - (v) Request staff to place a matter of business on a future agenda as needed.

D. Quorum Call

1. During the course of the meeting, should the presiding officer note a quorum is lacking, the presiding officer shall call this fact to the attention of the city clerk.
2. The presiding officer then shall issue a quorum call. If a quorum has not been restored within two minutes of a quorum call, the presiding officer may declare a recess for a reasonable period of time in order to reestablish a quorum.
3. If no quorum is reestablished within a reasonable time, the presiding officer shall adjourn the meeting.
4. Continuation of a council meeting extending past 9:30 p.m. requires a majority vote of the councilmembers present.
5. Continuation of a Housing Code Advisory and Appeals Board, Planning and Design Commission, or Preservation Commission meeting extending past 9:30 p.m. requires a majority vote of the commissioners present.
6. A meeting of any other city established legislative body shall automatically adjourn after two hours, unless extended by a 2/3 vote of the members present; but in no case shall an advisory body meeting exceed three hours.

E. Obtaining the Floor

1. Any member wishing to speak must first obtain the floor by being recognized by the presiding officer. The presiding officer shall recognize any member who seeks the floor when appropriately entitled to do so.
2. With the concurrence of the presiding officer, a member holding the floor may address a question to another member and that member may respond while the floor is still held by the member asking the question. A member may opt not to answer a question while another member has the floor.

F. Motions

- I. [Rosenberg's Rules of Order: Simple Parliamentary Procedures for the 21st Century](#) governs the management of motions.

G. Voting

1. Requirements for Action.

- a. Unless a higher vote is required by the city charter, the city code, or otherwise by law, the affirmative votes of at least five members of the council shall be required:
 - (i) For the council to take action on an item of business;
 - (ii) To pass any ordinance, resolution, or motion; or
 - (iii) To make or approve any order for the payment of money requiring council approval.
- b. Any ordinance declared by the council to be necessary as an emergency measure and containing a statement of the facts constituting such emergency as provided in the city charter may be introduced and adopted at the same meeting if passed by at least six affirmative votes ([Sacramento City Charter, § 32](#)).

2. Voting Disqualification.

- a. A member shall not vote upon a matter if the member is disqualified from voting on that matter due to a conflict of interest. Nor shall any member vote on a quasi-judicial matter if the member is biased regarding that matter.
- b. A member shall openly state an abstention due to a conflict of interest or bias. A member shall only abstain when there is an actual (or reasonably perceived) financial conflict of interest or bias, and the member is prohibited from voting on the item.
- c. A member who is abstaining due to a financial conflict of interest shall publicly identify the financial interest in detail sufficient to be understood by the public, except that disclosure of the exact street address of a residence is not required.
- d. Under SB 1439, an officer who is abstaining (Government Code, § 84308, the “Levine Act”) shall disclose that fact on the record of the proceeding. Under SB 1439, an officer of an agency shall not make, participate in making, or in any way attempt to use the officer’s official position to influence the decision in a proceeding involving a license, permit, or other entitlement for use pending before the agency if the officer has willfully or knowingly received a contribution in an amount of more than two hundred fifty dollars (\$250) within the preceding 12 months from a party or a party’s agent, or from any participant or a participant’s agent if the officer knows or has reason to know that the participant has a financial interest in the decision.
- e. As to any other conflict of interest, the member's determination may be accompanied by an oral or written disclosure of the conflict of interest.

- f.** A member who is disqualified by a conflict of interest in any matter shall not remain on the dais during the discussion and shall not vote on that matter. However, the member may remain on the dais for Consent Calendar items if the member states the abstention from the vote due to the described conflict of interest before the Consent Calendar is voted on in one motion.

Chapter 9 – Council Vacancies

A. Procedures

1. As provided in the Sacramento City Charter, absence from five consecutive regular meetings of the council, unless excused by resolution of the council, operates to vacate the seat of the mayor or councilmember so absent. (Sacramento City Charter, §§ [28](#) and [46](#).)
2. A vacancy in the office of councilmember or mayor shall be filled by special election called by the council as provided in [Sacramento City Charter § 154](#), unless the vacancy occurs within one year of the next general election at which that office would normally be filled, in which case the vacancy shall be filled by appointment. The city clerk shall take the necessary actions to accomplish the recruitment and appointment of candidates as provided in [Sacramento City Code § 1.14](#).

Chapter 10 - Facilities

A. Meeting Locations

- I. Whenever practical, legislative body meetings shall be held at the City Hall Complex, located at 915 I Street, Sacramento, CA 95814 to facilitate video streaming to the city's [website](#) and archiving for future access.

B. Meeting Capacity

- I. Council chamber and historic hearing room attendance is limited to the posted seating capacity. The maximum occupancy of council chambers is 230 and historic hearing room is 70. The city manager shall appropriately regulate entrance to the council chamber when the council chamber capacity is likely to be exceeded. When legislative bodies are in session, members of the public shall not remain standing in the seating area or aisles of the council chamber. Sitting on the floor is not permitted. The sergeant-at-arms shall enforce this chapter.
2. In compliance with the Americans with Disabilities Act, meeting locations are accessible to the public. If a member of the public needs special assistance, a disability-related modification or accommodation, agenda materials in an alternative format, or auxiliary aids to participate in this meeting, they should contact the Office of the City Clerk at 916-808-7200 or clerk@cityofsacramento.org as soon as possible. Providing at least 72 hours' notice will help ensure that reasonable arrangements can be made.

Chapter 11 - City Council Committees and Regional Organizations

A. General

1. The mayor shall make all appointments to council standing committees, subject to the approval of the council. The mayor shall make all appointments to council ad hoc committees.
2. A standing committee is a permanent committee of the council established to consider subjects of a particular class, with regularly scheduled meeting dates and times.
3. An ad hoc committee is a temporary committee of the council established for a special purpose and of limited duration.
4. Standing and ad hoc committees have fact-finding, informative, and recommendatory powers only, and such other powers delegated by the council.
5. The council intends that council committees, to the extent possible, conduct a full hearing on any matter referred to that committee before the committee refers the matter back to the council.
6. The city clerk shall maintain and keep on file a list of the standing committees, ad hoc committees, regional organizations, and joint powers agencies to which councilmembers are appointed.

B. Council Standing Committees

I. General Guidelines

- a. Standing committee appointments shall be made by the mayor each at the beginning of each calendar year or as necessary.
- b. Standing committees shall meet at the city hall complex.
- c. Standing committees are subject to the [Brown Act](#) and the Sacramento Sunshine Ordinance ([Sacramento City Code § 4.04](#)). Standing committee agendas shall be prepared, posted, and distributed in accordance with the Brown Act and the Sacramento Sunshine Ordinance (Sacramento City Code Chapter 4.04), stating the time and place of the meeting and the subject matters to be discussed.
- d. A councilmember who is not a member of the standing committee may attend a standing committee meeting, provided the member attends only as an observer, does not testify or otherwise participate in any discussion, and sits amongst the public.
- e. Except as provided in subsection f, all items on a standing committee's agenda must first be referred to the committee by the council for review, with a recommendation returned to the council within 120 days, subject to the exceptions set forth below or as otherwise modified by the council.

- f. With approval of the city clerk, city manager, or committee chair, an item may be sent directly to a standing committee without council referral. If a matter is so referred to a standing committee, the committee agenda must note that fact on the face of the agenda and the committee chair shall notify the council. Such referrals are not required to be forwarded to the council unless council action is recommended by the standing committee.
- g. The city clerk shall assign staff to assist the committee chair with the operation of the committee.

C. Council Ad Hoc Committees

1. Establishment.

- a. The mayor or a majority of the council may request the creation of an ad hoc committee.
- b. The city manager or a department director, together with the city attorney, shall work with the appropriate supporting department(s) and determine the scope and approximate duration the ad hoc committee.
- c. The department director shall submit a request to the mayor, with a copy to the city clerk, requesting the creation of and appointment of up to four members to an ad hoc committee.

2. Scheduling Ad Hoc Committee Meetings.

- a. Once an ad hoc committee has been established, the city clerk shall schedule the first meeting. Once confirmed, the city clerk shall notify the members, mayor's office, city manager (or designee), and the city attorney (or designee) of the meeting details. A regular meeting calendar will be established and adopted by the ad hoc committee.
- b. A councilmember who is not a member of the ad hoc committee may attend an ad hoc committee meeting, provided the member attends only as an observer, does not testify or otherwise participate in any discussion, and sits amongst the public.
- c. Ad hoc committees are subject to the [Brown Act](#) and the Sacramento Sunshine Ordinance ([Sacramento City Code § 4.04](#)).

3. Dissolution

- a. Once an ad hoc committee has completed its task, the supporting department shall submit a report to the mayor, with a copy to the city clerk, stating completion of the ad hoc committee tasks and request the dissolution of the ad hoc committee.
- b. An ad hoc committee is automatically dissolved one year after its first meeting, unless it is dissolved earlier under Rule 12.C.3.a.
- c. The city clerk will provide a periodic report to council announcing the dissolution of ad hoc committees.

D. Regional Organizations

The mayor shall appoint council representatives to regional organizations and joint powers agencies listed in the documents maintained by the city clerk, subject to council approval. Appointments shall be made at the beginning of each calendar year or as necessary.

Chapter 12 – Councilmember Proposal Requests

A. General

- I. This chapter outlines the process for councilmembers to propose an idea for council action. It modulates the agenda requests of individual councilmembers by referring those requests to the relevant city council standing committee for review, as appropriate, and in so doing provides clear guidance to the council appointees that their work demands are serving the council as a whole. It also ensures councilmember requests are duly tracked and assigned, thus promoting transparency and accountability.

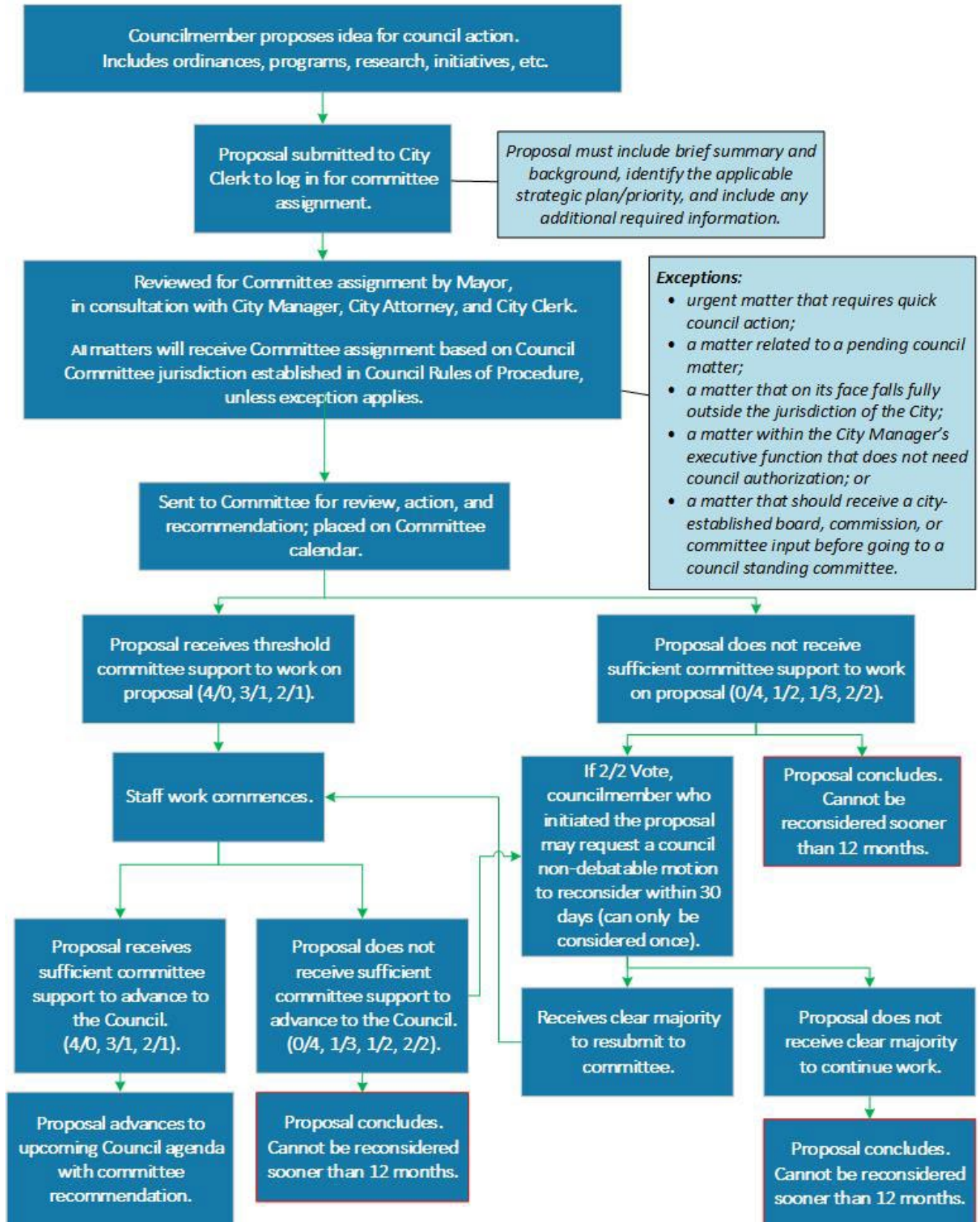
B. Procedures

- I. Councilmember proposal requests must be submitted in writing to the city clerk. The proposal must include a brief summary and background, identify the applicable strategic plan/priority, estimate any budget adjustment or impact, and include additional information sufficient for committee deliberation.
2. The mayor, in consultation with the city manager, city attorney, and city clerk, shall review all requests and will assign each proposal to a committee based on committee jurisdiction, unless an exception applies.
 - a. Exceptions:
 - i. Urgent matter that requires quick council action;
 - ii. A matter related to a pending council matter;
 - iii. A matter that on its face falls fully outside the jurisdiction of the City;
 - iv. A matter within the City Manager's executive function that does not need council authorization; or
 - v. A matter that should receive a city-established board, commission, or committee input before going to a city council standing committee.

3. Standing committees shall review each proposal and vote whether to approve staff work.
 - a. If the proposal receives threshold committee support to work on the proposal (i.e., a vote of 4/0, 3/1, or 2/1), staff work commences.
 - b. If the proposal receives a 2/2 vote, within 30 days thereafter the city councilmember who initiated the proposal may ask that the city council vote on a non-debatable motion to reconsider, which motion will be placed on the next available city council agenda. If the motion receives five or more “aye” votes, the item will be resubmitted to the committee. If the motion fails, the proposal concludes. The non-debatable motion to consider may only be considered once. Once a proposal concludes, it cannot be reconsidered sooner than 12 months.
 - c. If the proposal does not receive sufficient committee support (i.e., a 0/4, 1/3, or 1/2 vote) for further work on the proposal, the proposal concludes.
4. If directed by the standing committee to commence work, staff will bring back to the committee a report for its consideration.
 - a. If the proposal receives a vote of 4/0, 3/1, or 2/1, the proposal advances to the city council with a committee recommendation.
 - b. If the proposal receives a 2/2 vote, within 30 days thereafter the city councilmember who initiated the proposal may ask that the city council vote on a non-debatable motion to reconsider, which motion will be placed on the next available city council agenda. If the motion receives five or more “aye” votes, the item will be resubmitted to the committee. If the motion fails, the proposal concludes. The non-debatable motion to consider may only be considered once. Once a proposal concludes, it cannot be reconsidered sooner than 12 months.
 - c. If the proposal does not receive sufficient committee support (i.e., a 0/4, 1/3, or 1/2 vote) to advance to the city council, the proposal concludes and cannot be reconsidered sooner than 12 months.

C. Councilmember Proposal Request Flowchart (following page)

COUNCILMEMBER PROPOSAL REQUEST FLOWCHART



Chapter 13 – Law and Legislation Committee

A. Authority; Purposes

I. Authority to Represent City Positions.

- a. The Law and Legislation (L&L) Committee has the authority to take positions on behalf of the city on state and federal legislation as outlined in the city's legislative platform.
- b. The mayor or the chair of the L&L Committee has the authority to take positions, consistent with the adopted legislative platform, on behalf of the city when the need to react quickly does not allow for a matter to be considered by the L&L Committee.
- c. Except as provided in subsections a and b, no person or committee has authority to represent the council on policy matters, unless that authority has been granted by the council or the information is limited to a factually accurate statement of the council's publicly-adopted position.

2. Purposes. The purposes of the L&L Committee are to consider, evaluate, conduct fact-finding, and recommend to council positions on proposed city ordinances and non-binding resolutions.

B. Procedures

I. Ordinances and Non-Binding Resolutions.

a. Origination.

- (i) Requests to prepare, amend, draft, or process ordinances and non-binding resolutions shall be made in one of the following ways:
 - (A) In writing to the city clerk; or
 - (B) By the city manager or other city staff.
- (ii) All non-binding resolution requests must be referred to the L&L Committee. Except as provided in subsection b below, all ordinance requests must be referred to the L&L Committee.
- (iii) The requesting member(s), city manager, or staff is considered the sponsor. City staff shall work directly with the sponsor in developing the proposed ordinance language.

- b. Ordinances not requiring L&L Committee review prior to council review and adoption are those that are:
 - (i) Deemed urgent by the mayor or city manager;
 - (ii) Voted on by the majority of council to bypass the L&L Committee;
 - (iii) Voted on by the majority of the L&L Committee to go to council without full L&L Committee review;
 - (iv) Zoning code amendments for specific development projects;
 - (v) Listings on, or deletions from, the Sacramento register under Sacramento City Code chapter 17.604, article II;
 - (vi) Adopting property-related fees or fee increases that require public notice before the Utilities Rate Advisory Commission;
 - (vii) Authorizing the execution of a development agreement;
 - (viii) Establishing or adjusting parking meter rates
 - (ix) The biennial update for campaign contribution limits, as required by Sacramento City Code section 2.13.120; or
 - (x) Levying a special tax on land within a community facilities district.
 - (xi) Those reviewed by the P&PE Committee related to a city advisory body's creating authority.
- c. After passing the threshold vote required by the councilmember proposal request flowchart in Chapter 12, ordinances and non-binding resolutions referred to the L&L Committee shall be placed on the legislation log, with new items placed at the end of the log, to establish a priority order; provided, the L&L Committee or council may reorder the priority.
- d. The log will be scheduled for the consent agenda at every L&L Committee meeting. Any committee member may pull an item from consent for discussion.
- e. Items on the log may be removed at the request of the sponsor. Staff shall note the removal request on the log and remove the item after the log has been approved by the committee.
- f. The process for advancing an item to the city council is outlined in Chapter 12.

C. Requirements for Agenda Item Submission

- I. The city manager and city clerk shall develop the agenda for the L&L Committee meetings in consultation with the chair of the committee.
 - a. The chair shall have the right to make recommendations to the committee on matters of policy and programs that require committee decisions.
 - b. Charter officers, the director of the office of public safety accountability, and the Sacramento Housing and Redevelopment Agency executive director may submit staff reports or descriptions of oral reports to the city clerk for placement on the agenda.
 - c. Department directors, subject to the discretion of the city manager, may submit staff reports or descriptions of oral reports to the city clerk for placement on the agenda.

Chapter 14 – Personnel and Public Employees Committee

A. Purposes

The purposes of the Personnel and Public Employees (P&PE) Committee are to:

1. Review applications received for membership to various city boards, commissions, and committees;
2. Conduct interviews for such membership appointment;
3. Make recommendations to the mayor concerning such appointments;
4. Review advisory body reports and recommendations, as provided in Rule 17.C;
5. Review ordinances related to an advisory body's creating authority prior to council review and adoption;
6. Lead the recruitment process for council-appointed officers; and
7. Develop and lead annual performance metrics and evaluations for council-appointed officers, as provided in Rule 18.

B. Procedures

1. Applications for seats on city boards, commissions, and committees will be reviewed by the P&PE Committee.
2. The P&PE Committee shall conduct interviews of qualified applicants.
3. Recommendations by the P&PE Committee shall be submitted to the city clerk for distribution to the mayor to consider appointment.
4. After the mayor's appointment, the city clerk shall submit a report for a council agenda requesting confirmation of the mayor's appointment.

C. Requirements for Agenda Item Submission

1. The city manager and city clerk shall develop the agenda for the P&PE Committee meetings in consultation with the chair of the committee.
 - a. The chair shall have the right to make recommendations to the committee on matters of policy and programs that require committee decisions.
 - b. Charter officers, the director of the office of public safety accountability, and the Sacramento Housing and Redevelopment Agency executive director may submit staff reports or descriptions of oral reports to the city clerk for placement on the agenda.
 - c. Department directors, subject to the discretion of the city manager, may submit staff reports or descriptions of oral reports to the city clerk for placement on the agenda.

Chapter 15 – Budget and Audit Committee

A. Purposes

The purposes of the Budget and Audit Committee (B&A) are to:

1. Assist the council in overseeing and supervising the city auditor;
2. Assist the council in evaluating the proposed budget, including a mid-year report, and any amendments thereto;
3. Assist the council in understanding the budget impacts resulting from council's actions; and
4. Assist the council in reviewing and evaluating the Innovation and Growth Fund.
5. Assist the council in enhancing the city's ability to:
 - a. Improve the effectiveness and efficiency of city operations;
 - b. Improve the city's fiscal operations;
 - c. Adopt and adhere to a balanced budget; and
 - d. Comply with city policies, procedures, and regulatory requirements.
6. Review councilmember proposals for funding allocations that fall outside of the budget process.

B. Procedures

1. The B&A Committee shall receive, review, and forward to the council as appropriate, reports, recommendations, and updates from the city auditor.
2. The B&A Committee shall receive and review the proposed budget and any material amendments thereto.
3. The B&A Committee shall receive and review any key budget policy issues, including but not limited to, Annual Comprehensive Financial Report (ACFR) results, use of any year-end surplus, the mid-year report, budget priorities, use of unanticipated revenue, or proposed budget issues such as fee increases, prior to bringing forward to council.
4. The B&A Committee may:
 - a. Receive, review, and forward to the council, when relevant to city audits, any reports from the city treasurer, the department of finance, other city offices, or external auditors;

- b. Receive, review, and forward to the city council any reports and recommendations from the economic development department or city manager regarding the Innovation and Growth Fund; and
 - c. Propose that the council adopt ordinances, resolutions, or take other actions, provided that such ordinances, resolutions, or actions are within the jurisdiction of the B&A Committee.
- 5. The process for advancing an item to the city council is outlined in Chapter 12.

C. Requirements for Agenda Item Submission

- I. The city manager, city auditor, and city clerk shall develop the agenda for the B&A Committee meetings in consultation with the chair of the committee.
 - a. The chair shall have the right to make recommendations to the committee on matters of policy and programs that require committee decisions.
 - b. Charter officers, the director of the office of public safety accountability, and the Sacramento Housing and Redevelopment Agency executive director may submit staff reports or descriptions of oral reports to the city clerk for placement on the agenda.
 - c. Department directors, subject to the discretion of the city manager, may submit staff reports or descriptions of oral reports to the city clerk for placement on the agenda.

Chapter 16 – Racial Equity Committee

A. Purposes

The purposes of the Racial Equity Committee are to:

1. Help the council align its advancement of racial equity in city decision-making with the impacts resulting from city policy, budget, and service-delivery decisions;
2. Provide a space to help coordinate the various city racial equity initiatives, efforts, metrics, and best practices into a holistic citywide informed approach (rather than a case-by-case approach); and
3. Increase engagement, transparency, and accountability for the City's ongoing racial equity work.

B. Procedures

1. The Racial Equity Committee shall receive, review, and forward to the council as appropriate, reports, recommendations, policy proposals, and updates regarding racial equity issues. Review and approval of ordinances and adoption of positions on state and federal legislation shall be undertaken by the Law and Legislation Committee, unless an ordinance or legislation is referred directly to the Racial Equity Committee by the council.
2. The process for advancing an item to the city council is outlined in Chapter 12.

C. Requirements for Agenda Item Submission

1. The city manager and city clerk shall develop the agenda for the Racial Equity Committee meetings in consultation with the chair of the committee.
 - a. The chair shall have the right to make recommendations to the committee on matters of policy and programs that require committee decisions.
 - b. Charter officers, the director of the office of public safety accountability, and the Sacramento Housing and Redevelopment Agency executive director may submit staff reports or descriptions of oral reports to the city clerk for placement on the agenda.
 - c. Department directors, subject to the discretion of the city manager, may submit staff reports or descriptions of oral reports to the city clerk for placement on the agenda.

Chapter 17 – City Advisory Bodies

A. Vacancies and Appointments

1. When any vacancy occurs on a board, commission, or committee (advisory body) the city clerk shall announce that vacancy pursuant to the standard outreach procedures. The city clerk's office maintains the board and commission files and performs all clerical and administrative support tasks related to the application process.
2. At the close of the application period, all applications received for the vacancy are referred by the city clerk to the appropriate nominating body or person for review and recommendation.
3. If the recommending body is the Personnel and Public Employees Committee (P&PE) the applicant will be invited to interview in person before P&PE at the next available meeting. Following review and recommendation by P&PE, the city clerk shall forward to the mayor for review.
4. If the recommending body is a councilmember, following review, the member shall send the board and commission recommendation(s) to the city clerk who will forward to the mayor for review.
5. After reviewing the submitted recommendation(s) made by P&PE or a member, the mayor shall direct the city clerk to prepare a staff report with the mayor's appointment to fill the vacancy at the next council meeting. Concurrence in an appointment for a seat on a city board, commission or committee shall be by vote of the city council.
6. If the council does not approve the appointment, then the mayor shall make another appointment, and at the soonest regular meeting following the meeting at which the subsequent appointment was made, the council shall vote whether to confirm the new appointment.
7. This procedure shall be followed until an appointment has been approved by the council. No request by a member to delay the appointment or approval will be allowed unless approved by a majority vote of the council.
8. At the direction of the council, all vacancies, application periods, and close of application periods for boards and commissions shall be monitored and maintained by the city clerk.

9. In making nominations and appointments to city boards and commissions, the mayor, P&PE Committee, and members should consider persons of various ethnicities, ages, genders, education, and occupational experience as reflected in the general population of the city; and should, as appropriate for the vacancy, consider persons from all districts of the city.

B. Requests for Future Agenda Items

- I. Members may submit items under the purview of the advisory body for inclusion on a future agenda by orally making the request under Ideas, Comments, and Questions.
 - a. The department staff shall add a member's requests to a chronologically-ordered log that contains all pending requests, i.e., those not having been heard as an agenda item or not otherwise having been removed from the log.
 - b. The log shall appear on the Consent Calendar of each regular meeting and include estimated agenda date or disposition.

C. Advisory Body Reports

- I. Advisory body recommendations and reports to the city council shall follow the procedure set forth in this Rule 17.C.
2. Annual report preparation.
 - a. Each advisory body shall provide an annual report for review by the Personnel and Public Employees (P&PE) Committee.
 - b. The annual report shall be provided in a format established by the city clerk and should include highlights and accomplishments from the prior year's work; proposed projects, priorities, and recommendations for the upcoming year; and any other information required of the advisory body according to the Sacramento City Code.
 - c. The city clerk shall manage an advisory body annual report calendar so that city staff can gather input to prepare a proposed report to the advisory body in a timely manner.
 - d. Each advisory body must approve its annual report before presentation to the P&PE Committee. When presenting proposed reports to advisory bodies, staff should include information on the feasibility of any recommendations therein.

3. Review by P&PE Committee.
 - a. Annual reports approved by advisory bodies shall be placed on an upcoming P&PE Committee meeting agenda.
 - a. The city clerk shall act as a liaison and collaborate with city staff to collect any additional information that may be helpful to the committee's evaluation of advisory body annual reports.
 - b. The P&PE Committee shall review advisory body annual reports and give staff direction on those reports' stated projects, priorities, and recommendations. Before forwarding the report to the city council, the committee may request supplemental information from staff or the advisory body.
4. Other recommendations. If an advisory body has recommendations outside the annual review process, the city clerk shall coordinate with the advisory body to have those recommendations brought before the P&PE Committee, which may consider and act on those recommendations in the same way it does advisory body annual reports.

Chapter 18 – Annual Review of City Council Appointive Officers

A. Purposes

1. The city council is committed to performing regular annual reviews of its appointive officers, which include the following positions: city attorney, city auditor, city clerk, city manager, city treasurer, director of the office of public safety accountability, and executive director of the Sacramento Housing and Redevelopment Agency. These positions report directly to the city council.
2. Clear communication and performance metrics are at the core of the work of the council and the city. To evaluate council appointive officers on a consistent basis, the P&PE Committee will assume the role and responsibility of developing and leading annual performance metrics and evaluations.

B. Procedures

1. With direction from the P&PE Committee, the city clerk shall coordinate and schedule appointive officer annual reviews.
2. Annually, appointive officers shall present their annual report, including past year accomplishments and strategic goals and objectives for the upcoming year, to the P&PE Committee. Once approved by the P&PE Committee the report will be forwarded to the city council for approval.
3. Performance Evaluations: The city council shall meet in closed session to conduct a performance evaluation of an appointive officer.
 - a. The city council may hold closed sessions during a regular or special meeting to consider the appointment, employment, evaluation of performance, discipline, or dismissal of an appointive officer or to hear complaints or charges brought against the appointive officer by another person or employee unless the appointive officer requests a public session ([Government Code § 54957](#) (b)).
 - b. As a condition to holding a closed session on specific complaints or charges brought against an appointive officer by another person or employee, the appointive officer shall be given written notice of his or her right to have the complaints or charges heard in an open session rather than a closed session, which notice shall be delivered to the appointive officer personally or by mail at least 24 hours before the time for holding the session.
 - c. The city council also may exclude from the public or closed meeting, during the examination of a witness, any or all other witnesses in the matter being investigated by the city council.
 - d. Closed sessions held pursuant to this rule shall not include discussion or action on proposed compensation except for a reduction of compensation that results from the imposition of discipline.

4. Salary and Benefit Negotiations: The city council may meet in closed session with the city's designated representative to discuss salaries, salary schedules, or compensation paid in the form of fringe benefits of an appointive officer.
([Government Code § 54957.6](#))
 - a. The agenda for a closed session under this rule must identify the city's designated representatives. Unless specifically directed otherwise by the mayor, the designated representatives shall be personnel from the Human Resources Department.
 - b. Closed sessions of the city council under this rule shall be for the purpose of reviewing its position and instructing the designated representatives.
 - c. Closed sessions held pursuant to this rule shall not include final action on the proposed compensation or benefits.
5. Final approval of compensation adjustments, by resolution or contract, shall be made at an open meeting of the city council. See Rule 7.A.1 for agendaizing such an item.

Glossary

Decorum Officer

The decorum officer is a council-selected person who sits on the dais and has responsibility for enforcing council meeting decorum.

et seq

et seq means “and the following one or ones”.

Ex Parte Communications

An ex parte communication is a written or oral communication between a decisionmaker and an interested person concerning any issue in a formal proceeding, other than procedural matters that does not occur in a public forum established in the proceeding or on the record of the proceeding.

Members shall disclose the substance of all ex parte communications at the beginning of a public hearing for any item brought before the legislative body for hearing, consideration, or action.

Non-Binding Resolution

A non-binding resolution is a resolution in which the council declares its position and opinions on an issue, policy, or other matter that the council lacks legal authority to establish or regulate, but that the council determines is of such importance that the council should make the symbolic gesture of adopting a resolution declarative of council's position.

Presiding Officer

The Presiding Officer is the person who presides over a meeting and is charged with maintaining order and decorum, recognizing members to speak, and interpreting the rules, practices, and precedents. In the city council the presiding officer is the Mayor. In advisory bodies established by the city council the presiding officer is the Chair. In the absence of Mayor or Chair, the Vice Mayor or Vice Chair shall preside.

Quasi-judicial

Quasi-judicial action means any council action that implicates constitutionally protected property or liberty interests, such as issuance or denial of discretionary land use permits, subdivision maps, business licenses, and other similar action in which a property interest is at stake and the council is charged with applying legal standards to a specific factual situation.

Sergeant-at-Arms

The sergeant-at-arms is the principal law enforcement official of the legislative body and is charged with maintaining security within the chamber (meeting location) and surrounding areas. The sergeant-at-arms also enforces protocol and ensures public decorum is followed as noted in the body's rules of procedure.

Teleconference

A meeting conducted among participants in different locations via telecommunications equipment such as telephones, computers, or other devices.

No.	Submit Date	Subject	Council Sponsor	Council Staff Contact	Dept Lead	Mayor Review	Vote to Initiate Staff Work - Proposed Date				Legislative Body Review - Proposed Date				Council	Status Notes
							B&A	L&L	P&PE	RE	B&A	L&L	P&PE	RE		
2025-001	1/31/25	Authorize City Staff to begin the process of creating a mechanism to fund community infrastructure that boosts tourism, markets North Natomas and improves opportunities for hotels and businesses. The mechanism can include but is not limited to the creation of a North Natomas Tourism & Business Improvement District (NNTBID), a Transit Occupancy Tax (TOT) overlay or the creation of a marketing district.	Kaplan and Pluckebaum	Alafranzi and Gull	Visit Sac, M.Testa FIN, P. Coletto	2/18 4/2 6/4	8.26.25									5.29.26 Visit Sac is lead administrator and City staff will assist with formation process. 5.18.26 D1 hoteliers outreach complete and moving forward with assessment. 3.17.26 D1 is working to schedule a further meeting with D1 hoteliers which will be facilitated by Visit Sac. 1.13.26 OIED, Finance & VisitSac having followup meeting 1.21.26 to talk about outreach process to see if there is majority interest from hotels and begin formation process if there is. 2/18 - Mayor put on hold pending council workshop on TOT (4/1) planned to be held in the next 3 months. Kaplan and Pluckebaum emailed on 2/19 CMO Notes 4.25.25: 4.22.25: Workshop held 4.1.25 - where does this go next? 2/18 - Mayor put on hold pending council workshop on TOT (4/1) planned to be held in the next 3 months. Kaplan and Pluckebaum emailed on 2/19

City of Sacramento Councilmember Proposal Tracking Log

Rev. 07/30/2026 - AW

No.	Submit Date	Subject	Council Sponsor	Council Staff Contact	Dept Lead	Mayor Review	Vote to Initiate Staff Work - Proposed Date				Legislative Body Review - Proposed Date				Council	Status Notes
							B&A	L&L	P&PE	RE	B&A	L&L	P&PE	RE		
2025-011	10/22/25	Illegal dumping continues to pose a serious environmental, public health, and quality-of-life issue for the City of Sacramento. Despite ongoing efforts, current strategies lack the formal structure, enforcement consistency, and staff engagement necessary to create sustainable impact. City resources are essential to efficiently and comprehensively address the growing issue of illegal dumping and it is important that these resources are allocated appropriately and equitably to ensure a meaningful impact.	Dickinson, Vang, and Maple	DeBlonk, Cardenas, Diaz, Khang, Benjamin	PW, E.Treadwell	11/12	2.3.25									7.23.26 Council briefings conducted. Draft report by August early for feedback and next steps. On track for fall council date. 6.15.26 staff is providing Council briefings on findings and next steps. 5.16.26. Finishing up the data collection and beginning the data analysis. 4.30.26 Staff met and moving on data analysis targeting a fall Council date. 3.18.26 ACM Moore and PW Director met with RSW to provide direction on drafting a formal city Illegal Dumping Response Policy. Work will have to occur in-house. Timeline is to take policy to council per the 2.3.26 request in early August. Will go to CM by end of May for input and review. 2.3.26 a council proposal for a citywide assessment of illegal dumping engagement, education and enforcement was approved at Budget and Audit committee. 1.12.26: This issue spans multiple departments, including Public
2025-012	11/5/25	District 2 Enhanced Infrastructure Financing District (EIFD)	Dickinson, Talamantes, Maple, Guerra	DeBlonk, Lee, Benjamin, Norton	OIED/ D. Malvetti FIN/P. Coletto		12.9.25								3.24.26	8.5.23 The boundaries of the study have been finalized and the consultant, EPS, has started the fiscal impact analysis. Staff plan to return to Council with the findings by the end of the year. 5.12.26 Staff working with consultant on fiscal analysis (3 months) and then will bring back to Council. 3.24.26 Item went to council and direction was provided to move forward with fiscal analysis and bring back. 3.11.24 Item is coming to council March 24. 1.16.25. OIED staff have been in regular contact with the D2 Office and have provided requested information to advance the proposal.

Key:

Current Stage

Internal Use Only - For Planning Purposes

							Vote to Initiate Staff Work - Proposed Date				Legislative Body Review - Proposed Date								
No.	Submit Date	Subject	Council Sponsor	Council Staff Contact	Dept Lead	Mayor Review	B&A	L&L	P&PE	RE	B&A	L&L	P&PE	RE	Council	Status Notes			
B&A	Budget and Audit Committee																		
L&L	Law and Legislation Committee																		
P&PE	Personnel and Public Employees Committee																		
RE	Racial Equity Committee																		
Council	Sacramento City Council																		
SYC	Sacramento Youth Commission																		