

City of Sacramento  
**Measure U Community Advisory Commission Report**  
915 I Street Sacramento, CA 95814  
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**File ID:** 2026-00780

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**Overview of Fiscal Year 2026/27 Measure U Proposed Budget**

File ID: 2026-00780

**Location:** Citywide.

**Recommendation:** Receive and comment.

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**Presenter:** Peter Coletto, Director of Finance, (916) 808-5416, pcoletto@cityofsacramento.org; Mirthala Santizo, Budget Manager, (916) 808-5078, msantizo@cityofsacramento.org; Department of Finance

**Attachments:**

- 1-Description/Analysis
- 2-FY2026/27 Proposed Measure U Programming
- 3-FY2026/27 Measure U Budget Reduction and Revenue Strategies
- 4-FY2026/27 Measure U Budget Modifications
- 5-FY2026/27 Measure U Budget Presentation

**Description/Analysis**

**Issue Detail:** This report provides the Measure U (MU) Community Advisory Committee (Committee) with an overview of the Fiscal Year (FY) 2026/27 Proposed MU Budget (MU Budget).

The City continues to face significant financial challenges as it works to resolve an ongoing imbalance between City operating costs and available resources, which is known as a structural deficit. The FY2026/27 Proposed Budget (Budget) addresses this structural deficit while maintaining core City services and advancing Council priorities. The Budget is balanced and closes a \$66.2 million funding gap by taking a strategic approach to revenue enhancements and expenditure reductions instead of simply pursuing across-the-board cuts. Reduction strategies included in the Budget aim to minimize program and service impacts to the community to the extent possible.

### FY2026/27 MU Budget Overview

The total MU budget for FY2026/27 is \$145.0 million and supports 706.9 FTE positions. The MU Fund is projecting a deficit at the end of FY2026/27 as the growth in expenditures for ongoing programs is higher than revenue growth. The MU Fund is projected to generate approximately \$137.3 million in revenues for FY2026/27.

As presented in Attachment 2, the MU Fund provides \$145.0 million for ongoing programs and services for Affordable Housing, Arts/Creative Edge, Climate Action, Community Investment, Community Response, Homelessness, Inclusive Economic Development, Library, Public Safety, and Youth. Detailed information on each program is included in the Department sections in the Budget.

The following provides a general summary of the various MU Fund programs.

#### **Affordable Housing - \$3.6 million, 20.0 FTE**

- Resources for Specific Plans, Zero-Dollar Fee program, Long Range Planning, and Zoning services in the Community Development Department, and for Housing in the City Manager's Office to focus on planning and zoning a citywide housing policy and opportunities to promote development of additional housing.

#### **Arts/Creative Edge - \$3.6 million, 22.25 FTE**

- Resources for nonprofit arts and cultural organizations through the Cultural Arts Award Program and for City programs that promote cultural and creative life including the Arts in Public Places, Arts Education and Outreach office, Arts and Culture, History, Arts Stabilization, Creative Economy and Grants, and the Entertainment Services Division.

#### **Climate Action - \$534,000, 4.00 FTE**

- Resources for sustainability and cost-saving energy programs to reduce the City's greenhouse gas emissions as required by State law and staff for the City's Climate Action and Sustainability Office.

#### **Community Investment - \$26.1 million, 141.37 FTE**

- Resources for the Sacramento Utility Rate Assistance (SURA) Program as well as fleet acquisitions, park operations, older adult services, city cemetery, permitting and events, and fiscal & technological support for the Youth, Parks & Community Enrichment Department (YPCE).

#### **Community Response - \$50.1 million, 126.0 FTE**

- Resources for the Department of Community Response to provide an alternative response to homelessness model through community outreach; and additional resources for fleet acquisitions and to address illegal dumping, neighborhood code compliance, public safety accountability, animal care/shelter, and the Sacramento City 311 Call Center activity.

#### **Homelessness - \$3.1 million, 7.0 FTE**

- Resources for the Department of Community Response to coordinate with various Federal, State, local, nonprofit, and faith-based entities to end homelessness.

#### **Inclusive Economic Development - \$6.5 million, 31.0 FTE**

- Resources for Community Programs, and City departments that promote inclusive economic and community development such as Community Engagement, Community Investment, Economic Development, Workforce Development and Office of Diversity and Equity.

**Library - \$14.7 million**

- Resources for the support, maintenance, and capital needs of the City’s libraries.

**Public Safety - \$10.8 million, 78.5 FTE**

- Resources to staff and support the hiring pipeline in Police, fire training and fire suppression in the Fire Department, park safety services in YPCE, and animal enforcement and field services in the Community Development Department.

**Youth - \$17.6 million, 276.78 FTE**

- Resources for programs such as the Powerhouse Science Center, Fare Free Transit for Youth, and Office of Violence Prevention. Resources also include the operation of the City’s access leisure, aquatics, community centers, youth employment, Camp Sacramento, Office of Youth Development, and recreation programs.

**Miscellaneous - \$8.4 million**

- Resources for commission stipends for various Commissions, expanded technology support, and Citywide employee services/benefits costs related to staffing funded by Measure U.

FY2026/27 Proposed MU Budget Reduction and Revenue Strategies

Departments under the purview of the City Manager were instructed to submit reduction plans that totaled 15% of their General/Measure U Fund (G/MU) discretionary funding and were given a framework designed to protect core services and Council priorities. In addition, staff analyzed “citywide” strategies to identify previously allocated funding for projects or citywide programs that could be redirected for budget balancing. A total of \$15.8 million in MU reductions is included in the MU Budget. A summary of the MU program reductions and revenue strategies is provided below. Attachment 3 provides the details.

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**FY2026/27 Measure U Budget Reduction and Revenue Strategies**

<b>Funding Category</b>	<b>Department</b>	<b>FTE Change</b>	<b>Net Budget Change</b>
<b>Affordable Housing</b>			
	Community Development	-	(779,162)
<b>Arts/Creative Edge</b>			
	Citywide and Community Support	-	(146,872)
	Convention and Cultural Services	(1.70)	(370,325)
<b>Community Investment</b>			
	Citywide and Community Support	-	(502,017)
	Youth, Parks, and Community Enrichment	(29.40)	(863,821)
<b>Community Response</b>			
	Community Response	-	(6,015,123)
	Mayor/Council	(4.00)	(572,136)
<b>Inclusive Economic Development</b>			
	City Manager	-	(265,427)
<b>Miscellaneous</b>			
	Citywide and Community Support	-	(121,768)
<b>Public Safety - Fire</b>			
	Fire	(1.00)	(297,150)
<b>Public Safety - Police</b>			
	Police	(13.00)	(1,237,047)
<b>Youth</b>			
	Citywide and Community Support	-	(766,227)
	Police	-	(1,808,519)
	Youth, Parks, and Community Enrichment	(28.48)	(2,106,939)
		<b>(77.58)</b>	<b>\$ (15,852,533)</b>

FY2026/27 Proposed MU Budget Modifications

There were approximately \$814,000 in MU modifications for augmentations and position add/deletes. This also included a reduction of 3.58 FTEs. Most of the modifications had offsets in the General Fund, MU, or other funds to make them cost neutral. Attachment 4 provides the details of each of the modifications. A summary of the MU modifications included in the Budget is provided below.

**FY2026/27 Measure U Budget Modifications**

<b>Funding Category</b>	<b>Department</b>	<b>FTE Change</b>	<b>Net Budget Change</b>
<b>Arts/Creative Edge</b>			
	Convention and Cultural Services	-	10,227
<b>Community Investment</b>			
	Youth, Parks, and Community Enrichment	-	(81,401)
<b>Community Response</b>			
	Community Development	-	499,864
	Community Response	1.00	106,782
<b>Inclusive Economic Development</b>			
	City Manager	-	145,807
<b>Miscellaneous</b>			
	Public Works	-	51,119
<b>Public Safety - Fire</b>			
	Fire	2.00	-
<b>Youth</b>			
	Youth, Parks, and Community Enrichment	(6.58)	81,838
		<b>(3.58)</b>	<b>\$ 814,236</b>

Budget Hearings

The Council will consider the Budget during regularly scheduled meetings in May and June, with final budget adoption scheduled for June 9, 2026. The tentative hearing schedule is reflected below:

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Date / Meeting*	Subject
April 29, 2026	Release of Proposed Budget
May 5, 2026 – 11:00AM Budget & Audit Committee	Fees & Charges
May 5, 2026 – 5:00PM Council	<ul style="list-style-type: none"> <li>• Budget Overview</li> <li>• Budget Balancing Plan</li> <li>• Questions &amp; Deliberations</li> </ul>
May 12, 2026 – 2:00PM Council	<ul style="list-style-type: none"> <li>• 2026-2031 Capital Improvement Program</li> <li>• Citywide Fees &amp; Charges</li> <li>• Budget Equity Lens</li> </ul>
May 12, 2026 – 5:00PM Council	<ul style="list-style-type: none"> <li>• Budget Deliberations</li> <li>• Council Direction</li> </ul>
May 18, 2028 – 5:30PM Measure U Commission	FY2026/27 Budget
May 26, 2026 – 11AM Budget & Audit Commission	Review of FY2026/27 Budget
June 9, 2026 – 5PM Council	Adoption of FY2026/27 Budget

**Policy Considerations:** This report is consistent with the Council’s policy direction and approval of the MU Budget.

**Economic Impacts:** Not applicable.

**Environmental Considerations:**

**California Environmental Quality Act (CEQA):** This report concerns administrative activities and government fiscal activities that do not constitute a “project” as defined by the CEQA Guidelines sections 15378 and California Public Resources Code section 21080 and are not subject to the provisions of CEQA (CEQA Guidelines section 15060(c)(3)). CEQA review for any project, which utilizes funds allocated under the FY2024/25 CIP Budget, has been or will be performed in conjunction with planning, design, and approval of each specific project as appropriate.

**Sustainability:** None.

**Commission/Committee Action:** Not applicable.

**Rationale for Recommendation:** This report is for informational purposes only and provides the financial information requested by the Committee.

**Financial Considerations:** Consistent with Council direction and the ballot measure, the General Funds and Measure U Funds are combined and presented in a single forecast. The City’s Budget is balanced and reflects adopted Council policies, goals, and planning/programming guides. The following five-year forecast provides a multi-year view of revenues and expenditures, allowing an assessment of the fiscal consequences of both prior and current funding decisions in the context of forecasted revenues and expenditures. While the recommended reduction strategies help close the funding gap in FY2026/27, these efforts do not completely fill the gaps in future fiscal years. The current five-year forecast is presented below.

<b>5-Year Forecast</b> General Fund (\$ in 000s)	<b>FY2026/27</b> Proposed	<b>FY2027/28</b> Projection	<b>FY2028/29</b> Projection	<b>FY2029/30</b> Projection	<b>FY2030/31</b> Projection
<b>Beginning Available Fund Balance</b>	-	294	-	-	-
<b>Revenues</b>					
Revenues	878,482	895,939	918,458	939,192	959,761
Other Sources	18,683	11,724	11,926	12,132	12,343
<b>Total Revenues/Resources</b>	897,165	907,663	930,384	951,324	972,104
<b>Expenditures</b>					
Operations	878,162	921,837	970,539	991,594	1,020,389
Capital Projects	14,210	15,808	15,788	15,788	15,788
<b>Subtotal Expenditures</b>	892,371	937,644	986,327	1,007,382	1,036,177
EUR Contribution	4,500	4,700	5,000	5,100	5,200
<b>Total Expenditures/Uses</b>	896,871	942,344	991,327	1,012,482	1,041,377
<b>Surplus/(Deficit)</b>	294	(34,682)	(60,942)	(61,158)	(69,273)
<b>Ending Available Fund Balance</b>	<b>294</b>	<b>(34,388)</b>	<b>(60,942)</b>	<b>(61,158)</b>	<b>(69,273)</b>

Additional challenges in the General Fund and Measure U forecast are detailed below:

- California Public Employees’ Retirement System (CalPERS) unfunded liability costs will increase by \$16.6 million (14.7%) over the next four years.
- Liability insurance premiums are estimated to increase by \$37.3 million (69%) over the next four years.
- Unknown future labor costs with Sacrament Police Officers Association (SPOA) and Sacramento Area Firefighters, Local 522 (L522). Although the Budget and the forecast include costs that have been proposed to SPOA and L522 to date, the final costs may differ.
- Approximately \$2.0 billion in unfunded capital needs between 2026 and 2031 are not included in the forecast. Unfunded capital needs consist of the maintenance and repairs of existing

City facilities and assets and the purchase of new assets required to maintain a consistent level of service to City residents.

- Homeless services will cost approximately \$168 million over the next four years, and future State funding may not be allocated to the City as the Governor did not include an additional round of HHAP program funding in his January Budget proposal.

With the exception of unfunded capital needs and unknown final SPOA and L522 contract costs, estimates for the above challenges have been included in the forecast as presented.

**MU Fund Forecast**

To assist the Committee in their review of the proposed MU Fund revenue and expenditure budgets and to enhance transparency the following summary five-year forecast has been developed for the MU Fund. Additional information on the expenditures included in the forecast is available in the department sections of the Budget, the detailed forecast (Attachment 2), budget reduction and revenue strategies (Attachment 3), and the budget modifications details (Attachment 4).

**Proposed MU Summary Forecast**

MU Fund (\$ in 000s)	FY2026/27 FTE	FY2026/27 Proposed	FY2027/28 Projection	FY2028/29 Projection	FY2029/30 Projection	FY2030/31 Projection
<b>REVENUES</b>		137,265	139,564	144,303	147,446	150,367
<b>EXPENDITURES</b>						
Affordable Housing	20.00	3,642	3,670	3,724	3,740	3,754
Arts/Creative Edge	22.25	3,555	3,734	3,805	3,842	3,878
Climate Action	4.00	564	574	587	595	601
Community Investment	141.37	26,148	25,363	25,669	25,828	25,981
Community Response	126.00	50,069	46,829	58,676	59,298	59,919
Homelessness	7.00	3,138	3,154	3,178	3,191	3,204
Inclusive Economic Development	31.00	6,515	6,616	6,756	6,841	6,924
Library	-	14,672	14,672	14,672	14,672	14,672
Public Safety	78.50	10,771	10,764	10,984	11,147	11,309
Youth	276.78	17,554	20,691	21,070	21,330	21,588
Miscellaneous	-	8,422	11,414	12,456	13,298	14,221
<b>Total Expenditures</b>	<b>706.90</b>	<b>145,051</b>	<b>147,481</b>	<b>161,576</b>	<b>163,782</b>	<b>166,050</b>
Economic Uncertainty Reserve Contribution						
<b>Net Resources (revenues less expenditures)</b>		<b>(7,786)</b>	<b>(7,916)</b>	<b>(17,273)</b>	<b>(16,335)</b>	<b>(15,683)</b>
<b>OTHER SOURCES/USES</b>						
Beginning Available Fund Balance		(41,887)	-	-	-	-
Federal Funding Loss Reserve		183				
<b>Revised Forecast</b>	<b>706.90</b>	<b>\$ (49,490)</b>	<b>\$ (7,916)</b>	<b>\$ (17,273)</b>	<b>\$ (16,335)</b>	<b>\$ (15,683)</b>

Staff will continue to monitor and evaluate MU Fund revenues given the financial challenges from the structural deficit. As additional information becomes available, staff will inform Council and the Committee.

**Local Business Enterprise (LBE):** Not applicable.



## FY2026/27 Measure U Programming

Revenues and Expenditures in (\$ in 000s)	FY2026/27 FTE	FY2026/27 Proposed	FY2027/28 Projection	FY2028/29 Projection	FY2029/30 Projection	FY2030/31 Projection
<b>REVENUES</b>		<b>137,265</b>	<b>139,564</b>	<b>144,303</b>	<b>147,446</b>	<b>150,367</b>
<b>EXPENDITURES</b>						
<b>Affordable Housing</b>						
Operations	20.00	42	70	124	140	154
Multi-Year Operating Projects		3,600	3,600	3,600	3,600	3,600
Capital Improvements		-	-	-	-	-
<b>Affordable Housing Subtotal</b>	<b>20.00</b>	<b>3,642</b>	<b>3,670</b>	<b>3,724</b>	<b>3,740</b>	<b>3,754</b>
<b>Arts/Creative Edge</b>						
Operations	22.25	3,073	3,120	3,191	3,228	3,264
Multi-Year Operating Projects		482	614	614	614	614
Capital Improvements		-	-	-	-	-
<b>Arts/Creative Edge Subtotal</b>	<b>22.25</b>	<b>3,555</b>	<b>3,734</b>	<b>3,805</b>	<b>3,842</b>	<b>3,878</b>
<b>Climate Action</b>						
Operations	4.00	564	574	587	595	601
Multi-Year Operating Projects		-	-	-	-	-
Capital Improvements		-	-	-	-	-
<b>Climate Action Subtotal</b>	<b>4.00</b>	<b>564</b>	<b>574</b>	<b>587</b>	<b>595</b>	<b>601</b>
<b>Community Investment</b>						
Operations	141.37	19,746	19,951	20,256	20,416	20,568
Multi-Year Operating Projects		6,405	5,412	5,412	5,412	5,412
Capital Improvements		(3)	-	-	-	-
<b>Community Investment Subtotal</b>	<b>141.37</b>	<b>26,148</b>	<b>25,363</b>	<b>25,669</b>	<b>25,828</b>	<b>25,981</b>
<b>Community Response</b>						
Operations	126.00	17,782	18,040	18,407	18,619	18,825
Multi-Year Operating Projects		33,721	27,356	40,268	40,679	41,095
Capital Improvements		-	-	-	-	-
<b>Community Response Subtotal</b>	<b>126.00</b>	<b>51,503</b>	<b>45,396</b>	<b>58,676</b>	<b>59,298</b>	<b>59,919</b>
<b>Homelessness</b>						
Operations	7.00	992	1,008	1,032	1,045	1,058
Multi-Year Operating Projects		2,146	2,146	2,146	2,146	2,146
Capital Improvements		-	-	-	-	-
<b>Homelessness Subtotal</b>	<b>7.00</b>	<b>3,138</b>	<b>3,154</b>	<b>3,178</b>	<b>3,191</b>	<b>3,204</b>
<b>Inclusive Economic Development</b>						
Operations	31.00	6,515	6,616	6,756	6,841	6,924
Multi-Year Operating Projects		-	-	-	-	-
Capital Improvements		-	-	-	-	-
<b>Inclusive Economic Development Subtotal</b>	<b>31.00</b>	<b>6,515</b>	<b>6,616</b>	<b>6,756</b>	<b>6,841</b>	<b>6,924</b>
<b>Library</b>						
Operations	-	14,272	14,272	14,272	14,272	14,272
Multi-Year Operating Projects		400	400	400	400	400
Capital Improvements		-	-	-	-	-
<b>Library Subtotal</b>	<b>-</b>	<b>14,672</b>	<b>14,672</b>	<b>14,672</b>	<b>14,672</b>	<b>14,672</b>
<b>Public Safety</b>						
<b>Community Development</b>						
Operations	15.00	2,020	2,053	2,099	2,129	2,157
Multi-Year Operating Projects		184	-	-	-	-
Capital Improvements		-	-	-	-	-
<b>Community Development Subtotal</b>	<b>15.00</b>	<b>2,204</b>	<b>2,053</b>	<b>2,099</b>	<b>2,129</b>	<b>2,157</b>
<b>Fire</b>						
Operations	-	2,580	2,624	2,669	2,716	2,763
Multi-Year Operating Projects		-	-	-	-	-
Capital Improvements		-	-	-	-	-
<b>Fire Subtotal</b>	<b>-</b>	<b>2,580</b>	<b>2,624</b>	<b>2,669</b>	<b>2,716</b>	<b>2,763</b>
<b>Police</b>						
Operations	48.50	3,807	3,868	3,946	4,002	4,057
Multi-Year Operating Projects		-	-	-	-	-
Capital Improvements		-	-	-	-	-
<b>Police Subtotal</b>	<b>48.50</b>	<b>3,807</b>	<b>3,868</b>	<b>3,946</b>	<b>4,002</b>	<b>4,057</b>
<b>Youth Parks &amp; Community Enrichment (YPCE)</b>						
Operations	15.00	2,181	2,218	2,270	2,301	2,331
Multi-Year Operating Projects		-	-	-	-	-
Capital Improvements		-	-	-	-	-
<b>YPCE Subtotal</b>	<b>15.00</b>	<b>2,181</b>	<b>2,218</b>	<b>2,270</b>	<b>2,301</b>	<b>2,331</b>
<b>Public Safety Subtotal</b>	<b>78.50</b>	<b>10,771</b>	<b>10,764</b>	<b>10,984</b>	<b>11,147</b>	<b>11,309</b>
<b>Youth</b>						
Operations	276.78	17,637	17,929	18,309	18,569	18,826
Multi-Year Operating Projects		(83)	2,762	2,762	2,762	2,762
Capital Improvements		-	-	-	-	-
<b>Youth Subtotal</b>	<b>276.78</b>	<b>17,554</b>	<b>20,691</b>	<b>21,070</b>	<b>21,330</b>	<b>21,588</b>
<b>Miscellaneous</b>						
Operations	-	8,361	9,209	10,165	11,249	12,478

Multi-Year Operating Projects		61	2,205	2,291	2,049	1,743
Capital Improvements		-	-	-	-	-
<b>Miscellaneous Subtotal</b>	-	<b>8,422</b>	<b>11,414</b>	<b>12,456</b>	<b>13,298</b>	<b>14,221</b>
<b>Total Expenditures</b>	<b>706.90</b>	<b>146,485</b>	<b>146,047</b>	<b>161,576</b>	<b>163,782</b>	<b>166,050</b>
Economic Uncertainty Reserve (EUR) Contribution <i>(0.5% of Expenses)</i>		-	-	-	-	-
<b>Net Resources</b> <i>(revenues less expenditures)</i>		<b>(9,220)</b>	<b>(6,483)</b>	<b>(17,273)</b>	<b>(16,335)</b>	<b>(15,683)</b>
<b>Other Sources/Uses</b>						
Beginning Available Fund Balance		(41,887)	-	-	-	-
Federal Funding Loss Reserve		183				
<b>Revised Forecast</b>	<b>706.90</b>	<b>\$ (50,924)</b>	<b>\$ (6,483)</b>	<b>\$ (17,273)</b>	<b>\$ (16,335)</b>	<b>\$ (15,683)</b>

## FY2026/27 Measure U Budget Reduction and Revenue Strategies

Department	Description	FTE Change	Net Budget Change
<b>Affordable Housing</b>			
Community Development	Change funding source for two positions (2.0 FTE - Associate Planner) in the Neighborhood Development Action Team (NDAT) from Measure U Fund (Fund 2401) to the General Plan Updates project (I22000000).	-	(779,162)
<b>Arts/Creative Edge</b>			
Citywide and Community Support	Decrease services and supplies budget for Arts Stabilization to reflect a targeted reduction of discretionary spending.	-	(15,000)
Citywide and Community Support	Liquidate one-time funding in the Archives East End Project (I17000100). Return unused dollars to fund balance.	-	(131,872)
Convention and Cultural Services	Delete three positions (1.2 FTE - Marina Aide) in the History Division. No service impact due to decreased dock traffic.	(1.20)	(45,663)
Convention and Cultural Services	Change funding source for McClellan rent payment from Measure U fund (Fund 2401) to the Community Center fund (Fund 6010). Facility provides storage for materials to support exhibitions, research, and public access.	-	(180,000)
Convention and Cultural Services	Delete one position (1.0 FTE - History Registrar) and add one new position (0.5 FTE - History Registrar) in the History Division. Essential responsibilities of this role can be maintained at 0.5 FTE.	(0.50)	(48,979)
Convention and Cultural Services	Change funding for one position (1.0 FTE - City Historian) from Measure U Fund (2401) to Community Center Fund (6010).	-	(95,683)
<b>Community Investment</b>			
Citywide and Community Support	Liquidate one-time funding from the Sacramento Utility Rate Assistance (SURA) Program (I4130100) to reflect savings from prior fiscal years.	-	(438,079)
Citywide and Community Support	Liquidate one-time funding in the COVID-19 CARES Act Program (G02610100). Return unused dollars to fund balance.	-	(60,699)
Citywide and Community Support	Liquidate one-time funding in the 311 Mobile Modernization Project (A07001300). Return unused dollars to fund balance.	-	(2,631)
Citywide and Community Support	Liquidate one-time funding in the District 2 Minor Park Improvements Project (L19108700). Return unused dollars to fund balance.	-	(608)
YPCE	Delete four positions (2 at 1.0 FTE, 1 at 0.8 FTE and 1 at 0.6 FTE - Program Coordinator Older Adults) in the Older Adult Services Division to streamline staffing and improve department-wide operational efficiency. The delivery of services at the Hart Senior Center is being realigned to enhance operational efficiency through continued strategic collaboration with community centers with no impact on current service levels as the majority of programming continues to be provided by leisure enrichment contractors, dedicated volunteers, and established community partners.	(3.40)	(273,893)
YPCE	Increase in revenue budget in Older Adult Services Division to reflect projected revenues.	-	(20,000)
YPCE	Increase revenue budget in the City Cemetery Division to match projections.	-	(2,500)
YPCE	Delete twenty-six positions (26 at 1.0 FTE Park Maintenance Worker) in the Park Maintenance Division and contract for park maintenance services with a third-party vendor.	(26.00)	(567,428)
<b>Community Response</b>			
Community Response	Increase revenue for a new Micro-Community Program Fee.	-	(36,000)
Community Response	Reduce funding for Community Response Multi-Year Operating Project, reflecting the need to shift, restructure, or relocate operations of the X Street Navigation Center in light of Caltrans lease set to expire.	-	(2,815,018)
Community Response	Reduce funding for Community Response Multi-Year Operating Project and shift City Motel Program to voucher-based model with a focus on unsheltered families.	-	(3,164,105)
Mayor/Council	Delete one position (1.0 FTE - OPSA Assistant Director) in the Office of Public Safety Accountability. Public Safety investigation staffing realignment.	(1.00)	(173,299)
Mayor/Council	Delete one position (1.0 FTE - Executive Assistant) in the Office of Public Safety Accountability.	(1.00)	(99,989)
Mayor/Council	Delete one position (1.0 FTE - OPSA Investigator). Public Safety investigation staffing realignment.	(1.00)	(131,402)
Mayor/Council	Delete one position (1.0 FTE - OPS Accountability Inspector General). Public Safety investigation staffing realignment.	(1.00)	(167,446)
<b>Inclusive Economic Development</b>			
City Manager	Delete one position (1.0 FTE - Special Projects Manager) and add one new position (1.0 FTE - Senior Development Project Manager) in the Office of Innovation and Economic Development.	-	(165,427)
City Manager	Decrease funding for the Office of Innovation and Economic Development by \$100,000. This decreases funding available for economic development activities including real estate due diligence, developing plans and studies, purchasing data, and community advertising and sponsorships.	-	(100,000)
<b>Miscellaneous</b>			
Citywide and Community Support	Liquidate one-time funding in the Commission Stipends Program (I04000100). Return unused dollars to fund balance.	-	(17,850)
Citywide and Community Support	Liquidate one-time funding in the Commission Stipends Program (I04000100). Return unused dollars to fund balance.	-	(103,918)
<b>Public Safety - Fire</b>			

Fire	Delete one position (1.0 FTE - Assistant Chief).	(1.00)	(297,150)
<b>Public Safety - Police</b>			
Police	Delete five positions (5.0 FTE - Community Service Officer III) in the Hiring Pipeline program.	(5.00)	(505,295)
Police	Delete seven positions (7.0 FTE - Community Service Officer II) in the Hiring Pipeline program.	(7.00)	(693,700)
Police	Delete seven positions (1.0 FTE - Police Clerk II, 1.0 FTE - Student Trainee, 1.0 FTE - Dispatcher I, 2.0 FTE - Police Records Specialist II, 1.0 FTE - Police Records Specialist III) across multiple divisions.	(1.00)	(38,052)
<b>Youth</b>			
Citywide and Community Support	Liquidate one-time funding in the City Manager Youth Programs MYOP (I80020800). Return unused dollars to fund balance.	-	(13,658)
Citywide and Community Support	Liquidate one-time funding in the Youth Pop Up Events MYOP (I19143100). Return unused dollars to fund balance.	-	(254,498)
Citywide and Community Support	Liquidate one-time funding in the Children and Youth Services Program (19143200). Return unused dollars to fund balance.	-	(498,071)
Police	One-time reduction to the Gang Prevention & Intervention Taskforce project (I11003000).	-	(1,402,921)
Police	Liquidate unspent Office of Violence Prevention (OVP) project funds (I02000600).	-	(405,598)
YPCE	Delete one position (0.90 FTE - Program Coordinator) in the Expanded Learning Division.	(0.90)	(70,797)
YPCE	Modify Community Centers and Clubhouses Fee Waiver/Fee Reductions Resolution. Resolution currently offers 100% discount and 50% for organizations that meet eligible criteria. Discounts would be modified to 50% and 25% for organizations that meet eligible criteria only. Community Center Division waived \$380,000 in rental fees in FY2024/25 without reimbursement.	-	(190,000)
YPCE	Change funding source for 50% of one position (1.0 FTE - Administrative Technician) in the Youth Development Administration Division from Measure U Fund to Children's Fund.	-	(62,464)
YPCE	Delete one position (1.0 FTE - Program Leader) and add two new positions (2 at 0.45 FTE - Senior Recreation Aide) in Youth Employment Division.	(0.10)	(39,581)
YPCE	Reduce stipend amount paid to participants in Prime Time Teen, Young Leaders of Tomorrow, and Junior Rec Aide programs by 50%. Reduce Service and Supply Budget in Youth Employment Division.	-	(100,000)
YPCE	Discontinue the Organizational Resiliency Fund annual allocation from Youth Development Administration Division.	-	(300,000)
YPCE	Delete twelve positions (2 at 1.0 FTE - Program Coordinator and 10 at 0.20 FTE - Recreation Aide) in the Community Center Division. Reduce after school programs in Community Centers.	(4.00)	(233,790)
YPCE	Delete eight positions (2 at 0.25 FTE and 2 at 0.30 FTE - Senior Lifeguard and 4 at 0.35 FTE - Assistant Pool Manager). Reduce Programming in the Aquatics Division: Close all four City wading pools.	(2.50)	(117,520)
YPCE	Delete three positions (1 at 1.0 FTE - Program Supervisor, 1 at 0.47 FTE - Recreation Aide) from Youth Employment Division, and (1 at 0.40 FTE - Senior Recreation Aide) from Youth Development Administration Division. Reduce support to the Youth Commission capacity building training and discontinue Summer and Semester at City Hall program.	(1.87)	(132,435)
YPCE	Eliminate stipends paid from Youth Employment Division's Prime Time Teen, Young Leaders of Tomorrow, and Junior Rec Aide programs to youth completing their programs. Reduce Service and Supply Budget in Youth Employment Division.	-	(100,000)
YPCE	Delete two positions (1.0 FTE - Program Coordinator, and 0.46 FTE - Recreation Aide) in the Youth Employment Division. Reduce Prime Time Teen, Young Leaders of Tomorrow, and Jr. Rec Aide offerings by 50%.	(1.46)	(107,150)
YPCE	Delete fifty-four positions (1 at 1.0 FTE - Aquatics Recreation Coordinator, 2 at 0.20 FTE and 4 at 0.25 FTE - Cashier, 23 at 0.20 FTE - Lifeguard, 6 at 0.40 FTE - Pool Manager, 12 at 0.35 FTE - Senior Lifeguard and 6 at 0.35 FTE - Assistant Pool Manager), reduce revenue obligation by \$35,308 and increase services and supplies budget by \$250,000 in the Aquatics Division. Reduce programming in the Aquatics Division. Reduce operating schedules to 3-days per week at neighborhood pools.	(15.70)	(464,420)
YPCE	Delete one position (0.45 FTE - Aquatics Specialist) in the Aquatics Division.	(0.45)	(22,653)
YPCE	Delete two positions (1.0 FTE - Program Leader, 1.0 FTE - Recreation General Supervisor) and decrease services and supplies in Youth Employment.	(1.50)	(166,129)
		<b>(77.58)</b>	<b>\$ (15,852,533)</b>

## FY2026/27 Measure U Budget Modifications

Department	Description	FTE Change	Net Budget Change
<b>Arts/Creative Edge</b>			
Convention and Cultural Services	Establish fee structure and revenue budget for Temporary Art Applications within the Art in Public Places (APP) program to recover existing operational costs.	-	10,227
<b>Community Investment</b>			
YPCE	Delete three positions (1.0 FTE - Recreation Superintendent and 2 @ 0.2 FTE Crew Leaders) from Older Adult Services and Youth and add one new position (1.0 FTE - Program Manager) in Fiscal Administration Division.	-	12,662
YPCE	Reallocation of FY2025/26 Budgeted Fleet Vehicle Replacement Funds to update vehicle and/or equipment replacements based on operational needs.	-	(94,063)
<b>Community Response</b>			
Community Development	Increase one-time funding for citywide spay and neuter clinics. Due to funding, staffing, and spay and neuter surgery space, Animal Care Services does not have the ability to provide community spay and neuter services to the community in-house.	-	500,000
Community Development	Delete one position (1.0 FTE - Animal Care Technician) and add one new position (1.0 FTE - Animal Services Coordinator) in Animal Care. Increase revenue budget for Animal Care due to fee increases. This position will provide behavior evaluations and training to dogs housed in the shelter to decrease length of stay and increase the live release rate.	-	(136)
Community Response	Add one position (1.0 FTE - Administrative Technician) for the Office of Community Response.	1.00	106,782
<b>Inclusive Economic Development</b>			
City Manager	Fund the Language Access Coordinator position (1.0 FTE - Administrative Analyst) on an ongoing basis.	-	145,807
<b>Miscellaneous</b>			
Public Works	Increase funding one-time for Fleet Shop CIP to repair and replace outdated equipment, improve worker safety, and recognize operational efficiencies.	-	51,119
<b>Public Safety - Fire</b>			
Fire	Add two positions (2.0 FTE - Firefighter (Admin)) in the Diversity, Outreach & Recruitment program as part of a three-year grant agreement funded through the Children's Fund.	2.00	-
<b>Youth</b>			
YPCE	Delete ten positions (10 at 0.20 FTE - Recreation Aides) and add four new positions (4 at 0.47 FTE - Building Monitor) in the Community Center Division and convert savings to service and supplies budget. Shift staffing to support rental and revenue generating programs.	(0.12)	-
YPCE	Delete one position (0.40 FTE - Recreation Aide) and add one new position (0.40 FTE - Building Monitor) in the Community Recreation Division. Realignment of current position to better meet operational needs.	-	-
YPCE	Delete three positions (1.0 FTE - Recreation Superintendent and 2 @ 0.2 FTE Crew Leaders) from Older Adult Services and Youth and add one new position (1.0 FTE - Program Manager) in Fiscal Administration Division.	(0.40)	(18,162)
YPCE	Delete three positions (1 at 1.0 FTE, 1 at 0.80 FTE - Customer Service Assistant and 1 at 1.0 FTE - Program Leader). Convert savings to services and supplies budget in Community Center Division.	(2.80)	-
YPCE	Delete two positions (1 at 0.80 FTE - Program Coordinator) from Community Recreation Division and (1 at 0.80 FTE - Program Leader) from Youth Employment Division then convert savings to services and supplies budget in the Youth Employment Division.	(1.60)	-
YPCE	Delete five positions (1 at 0.35 FTE - Program Director, 1 at 0.25 FTE - Recreation Leader, 3 at 0.25 FTE Camp Aides) in the Camp Sacramento Division and convert savings to services and supplies.	(1.35)	-
YPCE	Delete two positions (2 at 0.35 FTE - Assistant Camp Chef) and add one new position (1 at 0.39 FTE - Camp Chef) in the Camp Sacramento Division.	(0.31)	-
YPCE	Delete one position (0.45 FTE - Aquatic Specialist) and add one new position (0.45 FTE - Building Monitor) in the Aquatics Division and convert savings to service and supplies. Shift staffing to support high rental demand.	-	-
YPCE	Reduce revenue budget for Camp Sacramento Division to match projections.	-	100,000
		<b>(3.58)</b>	<b>\$ 814,236</b>

A dark blue silhouette of the Sacramento skyline is positioned horizontally across the middle of the slide. It features various building shapes, including a prominent tower on the right side that resembles the Transamerica Pyramid. The background is a light blue gradient.

Fiscal Year 2026/27  
Measure U Commission Budget

# FY27 Budget Hearing

- Hearings Schedule
- FY27 Budget Overview
- FY27 MU Budget Overview
- Closing the Budget Gap
- FY27 MU Reductions and Augmentations
- Five-Year Forecast
- Long-Term Funding Challenges

# Budget Schedule

Date / Meeting*	Subject
April 29, 2026	Release of Proposed Budget
May 5, 2026 – 11:00AM Budget & Audit Committee	Fees & Charges
May 5, 2026 – 5:00PM Council	<ul style="list-style-type: none"> <li>• Budget Overview</li> <li>• Budget Balancing Plan</li> <li>• Questions &amp; Deliberations</li> </ul>
May 12, 2026 – 2:00PM Council	<ul style="list-style-type: none"> <li>• 2026-2031 Capital Improvement Program</li> <li>• Citywide Fees &amp; Charges</li> <li>• Budget Equity Lens</li> </ul>
May 12, 2026 – 5:00PM Council	<ul style="list-style-type: none"> <li>• Budget Deliberations</li> <li>• Council Direction</li> </ul>
May 18, 2028 – 5:30PM Measure U Commission	FY2026/27 Budget
May 26, 2026 – 11AM Budget & Audit Commission	Review of FY2026/27 Budget
June 9, 2026 – 5PM Council	Adoption of FY2026/27 Budget

\*Schedule is subject to change.

# Budget Challenges

## Immediate

- Balance FY27

## Near-Term

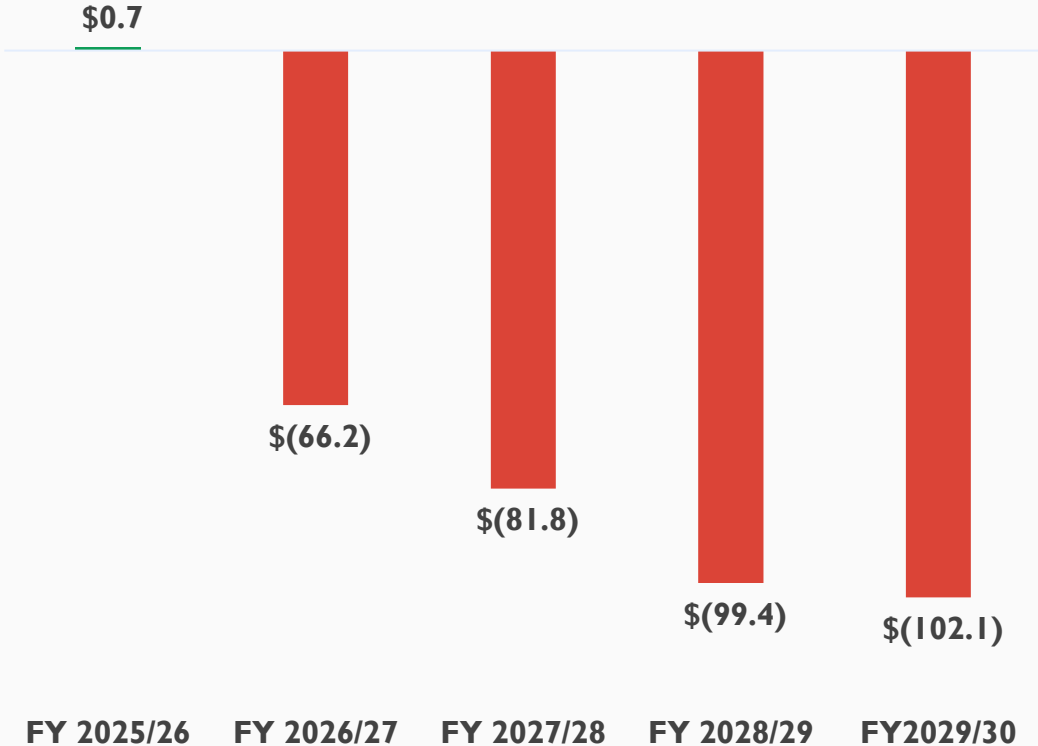
- Correct Structural Imbalance
- Federal Funding Threats
- Economic Risks

## Long-Term

- Unfunded Pension Liabilities
- Unfunded Capital Needs

# Structural Deficit

- Not caused by an economic downturn.
- Imbalance between expense growth and revenues.
- Ongoing balancing strategies lower projected deficits in future years.



# Budget Overview



# FY2026/27 Proposed Budget (\$ in millions)

	<b>FY2025/26 Approved</b>	<b>FY2026/27 Proposed</b>	<b>Change</b>
All Funds	\$1,675.0	\$1,723.1	\$48.1
General Fund	\$872.5	\$898.3	\$25.8
Full-Time Equivalent Employees (FTEs)	4,984.83	4,821.07	(163.76)

**The Proposed Budget is balanced and closes a \$66.2M funding gap.**

# Measure U Overview



# FY2026/27 Proposed Budget (\$ in millions)

	<b>FY2025/26 Approved</b>	<b>FY2026/27 Proposed</b>	<b>Net Change</b>
Revenues	\$135.0	\$137.3	\$2.3
Expenditures	\$161.3	\$145.0	(\$16.3)
Surplus/(Deficit)	(\$26.3)	(\$7.8)	
Full-Time Equivalent Employees (FTEs)	807.1	706.9	(100.2)

# Closing The Budget Gap



# Budget Balancing

## Define Core Services / Advance Priorities

- Define & preserve core services.
- Advance Council priorities:
  - Economic Development;
  - Homelessness; and
  - Public Safety.
- Minimize, to the extent possible, impacts on services to the public.
- Minimize, to the extent possible, impacts on staff.

## Budget Balancing – Creating a Menu of Options

- Departments to develop reduction plans to hit a target reduction of 15% net G/MU fund use.
- Define service and staffing impact of each strategy.
- Finance staff will review projects and other citywide budget reduction strategies.

This process generates more savings options than are needed to balance the budget which allows the City to be strategic in selecting reductions.

# Proposed Budget Balancing Plan (millions)

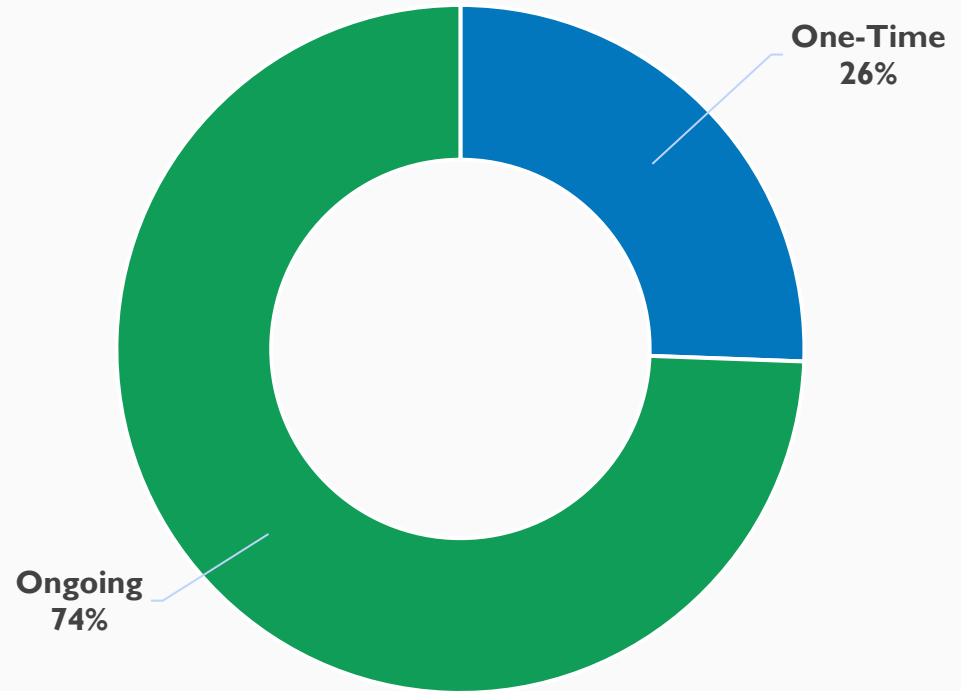
	<b>FY2026/27</b>	<b>FY2027/28</b>
<b>Mid-Year Forecast</b>	<b>(\$66.2)</b>	<b>(\$81.8)</b>
Labor Contract Adjustments*	(\$11.3)	(\$21.8)
Budget Balancing Strategies	\$68.8	\$51.2
Encampment Relief Funds (State Homelessness Funding)	\$2.3	\$-
HHAP Round 6 (State Homelessness Funding)	\$3.5	\$4.7
HHAP Round 7 (State Homelessness Funding)	\$-	\$6.4
Other Adjustments	\$3.2	\$5.9
<b>End Balance</b>	<b>\$0.3</b>	<b>(\$35.4)</b>

\*Labor costs above those included in the Mid-Year Forecast.

# Budget Balancing Strategies

Category	FY27 Savings
Interest on Treasury Pool	\$4.3
Debt Refunding	\$1.4
Homelessness Services Efficiencies & Partnerships	\$8.9
Departmental Revenues	\$13.6
Cost Shifts to Other Funds	\$6.9
Project Reallocations	\$11.1
Single Role Implementation Savings	\$3.5
Police Department Expense Reductions	\$7.5
Fire Department Expense Reductions	\$3.3
YPCE Expense Reductions	\$2.9
Other Departmental Expense Reductions	\$5.4
<b>TOTAL</b>	<b>\$68.8</b>

## Budget Balancing Strategies – One-time vs Ongoing



# Budget Balancing – Measure U Expense Reductions

Proposed Budget balancing strategies that will have service and/or staffing impacts were needed to close the budget gap. Reductions are listed in detail in Attachment 3, but some notable reductions include:

- Reduce funding for X street Navigation Center operations in light of Caltrans lease expiration: **\$2.8M**
- Reduce funding for City Motel Program and shift to voucher-based model with a focus on unsheltered families: **\$3.2M**
- One-time reduction to the Gang Prevention & Intervention Taskforce project: **\$1.4M**
- Reduce operating schedules to 3 days per week at neighborhood pools and reduce Aquatics staffing: **\$464,000**
- Deletions of twelve positions in the Police Hiring Pipeline: **\$1.2M**

## Addressing Homelessness – Funding

	<b>FY2026/27 Proposed</b>	<b>FY2027/28 Proj</b>	<b>FY2028/29 Proj</b>	<b>FY2029/30 Proj</b>	<b>FY2030/31 Proj</b>
<b>Homelessness Services Costs</b>	\$39.4	\$41.3	\$41.7	\$42.1	\$42.5
State Encampment Relief Funds	\$2.3	\$-	\$-	\$-	\$-
Remaining State HHAP-6 Funds	\$3.5	\$4.7	\$-	\$-	\$-
State HHAP-7 Funds	\$-	\$6.4	\$-	\$-	\$-
City General Fund	\$33.6	\$30.2	\$41.7	\$42.1	\$42.5
<b>Total Funding</b>	<b>\$39.4</b>	<b>\$41.3</b>	<b>\$41.7</b>	<b>\$42.1</b>	<b>\$42.5</b>

# Office of Violence Prevention Funding Shift

The funding shift to a new State grant will also result in program delivery adjustments which staff believe will allow the City to expand efforts and reach previously unserved populations by:

- Shifting to school-based referrals systems versus current law enforcement-based referrals
- Provide consistent pre and post school community engagement
- Move to prevention-focused deployments versus current law-enforcement driven model

CBO partnership funding:

	<b>FY2025/26 CBO Grants</b>	<b>FY 2026/27 Proposed Budget CBO Grants</b>
Gang Prevention & Intervention Task Force	\$1.2M	\$-
Evidence-Based Community Violence Interruption, Disruption and Suppression (This was a one-time allocation for a 3-year program that sunsets)	\$0.8M	\$-
CalVIP Cohort 5	\$-	\$1.1M
<b>TOTAL</b>	<b>\$2.0M</b>	<b>\$1.1M</b>

Youth violence prevention is also an eligible Measure L funding category (\$0.9M was awarded for youth violence prevention in the first round of Measure L allocations.)

# Budget Balancing – Measure U Staffing Impacts

A total of 91.7 FTE Measure U positions are eliminated in the Proposed Budget (54.6 vacant and 37.1 filled).

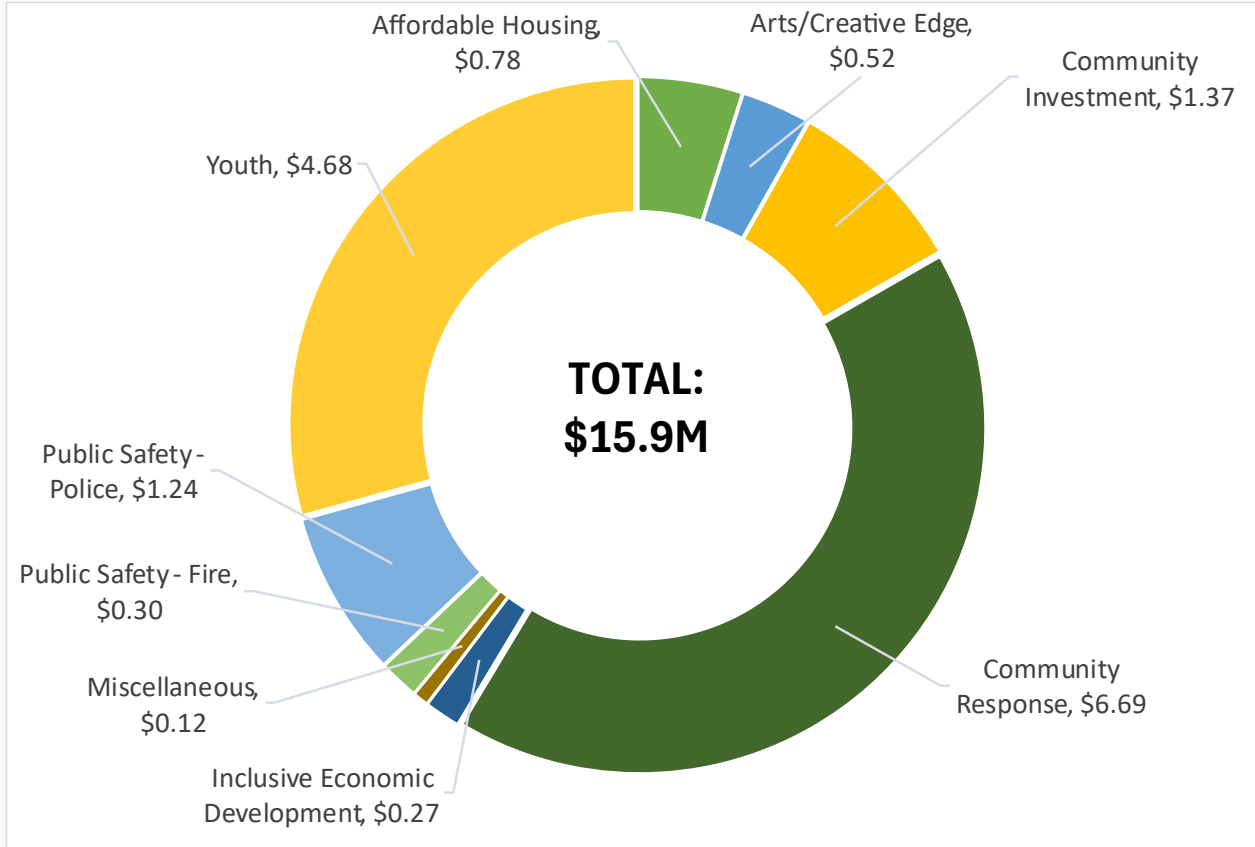
Of the filled FTE, as of April 3rd, 32.9 FTE (34 people) will be subject to being bumped or separated from the City

Of the 34, below is the breakdown by classification & department:

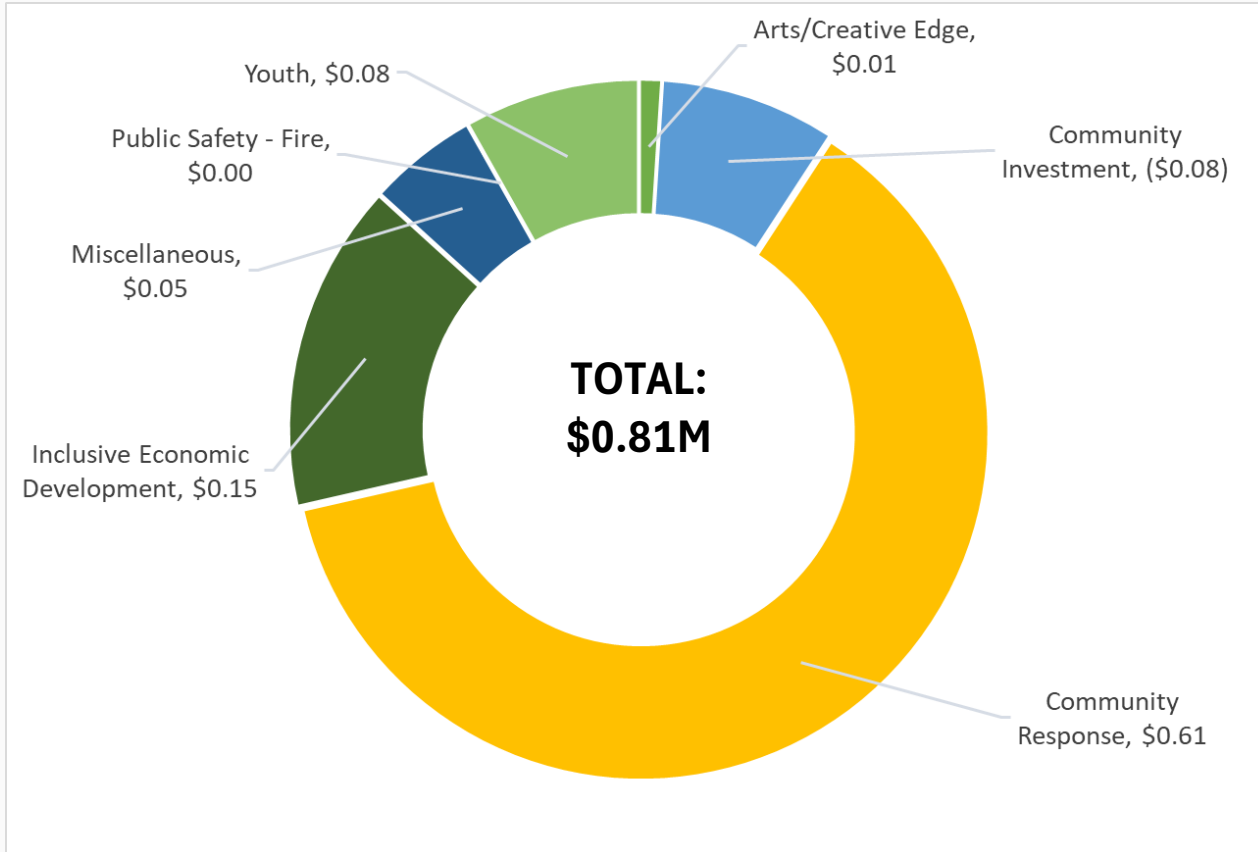
Classification	Department	FTE
OPSA Investigator	Office of Public Safety Accountability	1.0
OPSA Inspector General*	Office of Public Safety Accountability	1.0
Program Coordinator	Youth, Parks & Community Enrichment	4.4
Recreation Aide	Youth, Parks & Community Enrichment	0.5
Park Maintenance Worker	Youth, Parks & Community Enrichment	26.0
<b>TOTAL</b>		<b>32.9</b>

\*Retains Deputy IG position

# Measure U Reductions (\$ in millions) – By MU Program Areas



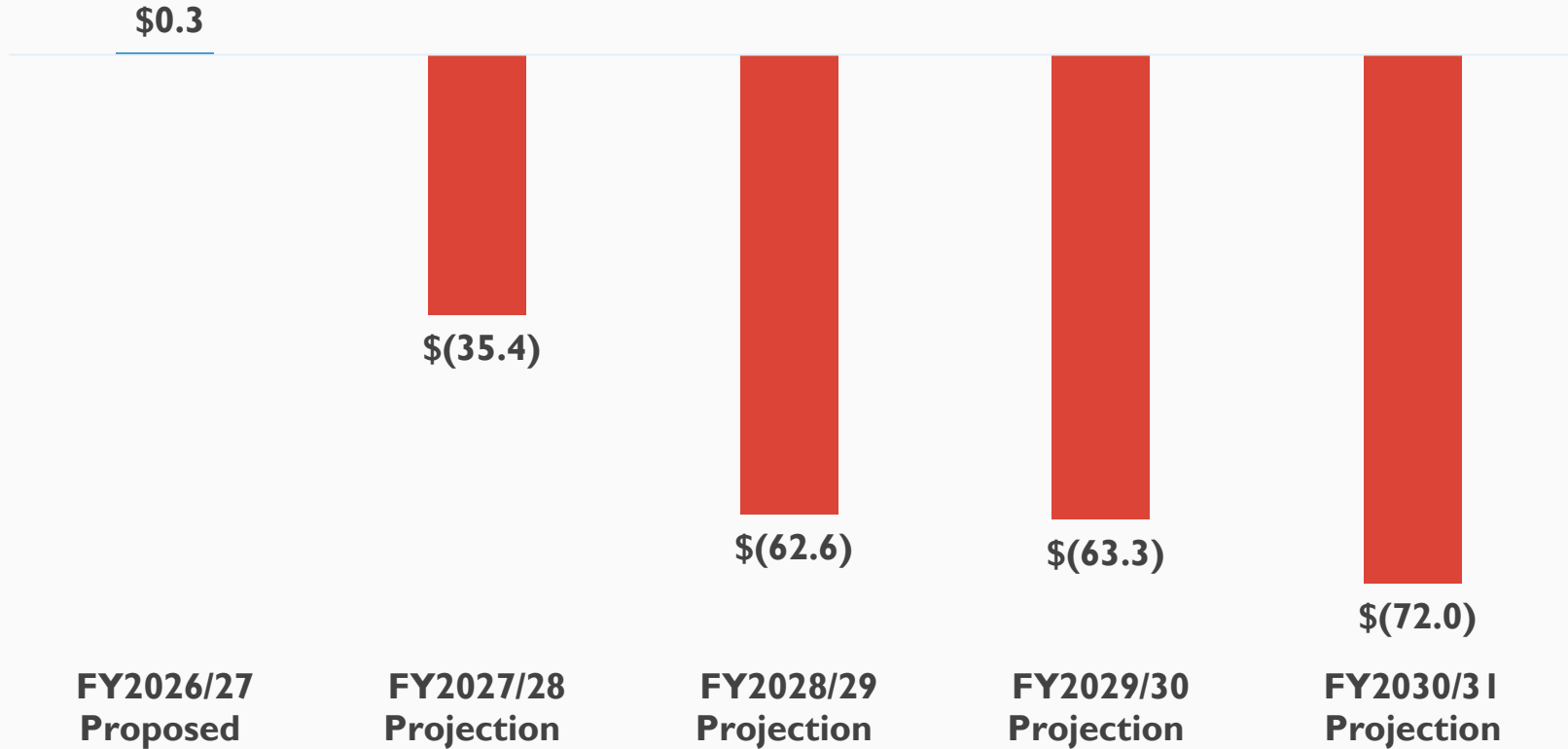
# Measure U Augmentations (\$ in millions) – By Program Areas



# Proposed Budget Forecast



# 5-Year Forecast



# Long Term Funding Challenges



# Unfunded Liabilities

In addition to the structural budget deficit, the City has unfunded liabilities including:

- \$1.5 billion unfunded pension liability;
- \$0.2 billion OPEB liability; and
- \$2.0 billion unfunded capital & deferred maintenance needs.

Council has already taken steps to address these long-term challenges:

- Prior year savings policy balances budget needs, revenue growth, and creating a funding source for unfunded liabilities.
- Capital plan identifying unfunded needs allows Council to adopt policies around prioritization and funding.

Staff will continue to support Council in addressing unfunded liabilities to ensure the fiscal health and stability of the City.

# Pending Factors

- Economic Uncertainty / Risk of Recession.
- Future of State homelessness funding.
- Unfunded Liabilities.
- Achieving Structural Balance.