



Budget Engagement Commission

City of Arts & Innovation

TO: HONORABLE COMMISSIONERS

DATE: SEPTEMBER 14, 2023

FROM: FINANCE DEPARTMENT

WARDS: ALL

SUBJECT: MEASURE Z FUNDING PROCESS

ISSUE:

Discuss the Measure Z funding process.

RECOMMENDATIONS:

That the Budget Engagement Commission discuss the Measure Z funding process.

BACKGROUND:

On November 8, 2016, the Mayor and City Council placed a measure on the ballot for a one-percent increase in the City’s sales tax rate to help address the service cuts identified during the fiscal year (FY) 2016-2018 budget process and a portion of the City’s critical unfunded needs. When Measure Z was presented to voters it asked them to consider a yes or no vote to:

“...prevent cutting police, firefighters, paramedics, 911 emergency response, anti-gang/drug programs, homelessness reduction and youth after-school/senior/disabled services; to repair local streets/potholes/infrastructure; and to provide other general services, shall a one-cent transaction and use tax (sales tax) be implemented providing \$48,000,000 annually through 2036 unless extended by the voters, requiring independent audits with no funds to Sacramento, all funds remaining for Riverside?”

Riverside’s residents approved Measure Z with almost a 60% approval. The Measure Z tax became effective April 1, 2017, thereby increasing the City’s sales tax rate from 7.75% to 8.75%. Measure Z will sunset in 20 years unless it is approved again in a mandatory election in November 2036.

The first Measure Z Spending Plan was developed through the joint efforts of the Budget Engagement Commission (BEC), City Council, and City staff and categorized critical needs into six major spending categories:

- Fiscal Discipline/Responsibility
- Critical Operating Needs (Non-Safety)
- Critical Public Safety Needs
- Quality of Life Needs
- Facility/Capital Needs
- Technology

On August 10, 2023, a Measure Z Spending Plan overview was presented to the Budget Engagement Commission; the Commission did not specify recommendations for City Council consideration.

DISCUSSION:

Since the initial adoption of the Measure Z Spending Plan, funding allocations are generally added through the following processes:

- Throughout the annual budget process, the Budget Engagement Commission receives numerous budget presentations, including the Measure Z Spending Plan, to provide input and recommendations to the City Council for funding allocations utilizing Measure Z resources.
- Reports to review and discuss the Measure Z Spending Plan have been brought to the Budget Engagement Commission during the fiscal year upon Commissioner request or per staff recommendation. Each presentation provides the Budget Engagement Commission with the opportunity to provide feedback or recommendations to the City Council on Measure Z spending initiatives. The most recent presentation to the Budget Engagement Commission took place at the August 10, 2023 meeting.
- Measure Z funding recommendations may be included in quarterly reports received by the Budget Engagement Commission and City Council. The quarterly reports are scheduled to come to the Budget Engagement Commission prior to City Council so that Commission recommendations may be forwarded to the City Council.
- City staff may bring individual funding requests to the Budget Engagement Commission to gain a recommendation from the Budget Engagement Commission prior to taking the item to the City Council for approval.

STRATEGIC PLAN ALIGNMENT:

Each spending item funded by Measure Z aligns with one or more of the City Council's strategic priorities. This report, seeking to educate and share information, aligns with **Strategic Priority 5: High Performing Government**.

The Measure Z Spending Plan and this report aligns with each of the Cross-Cutting Threads as follows:

1. **Community Trust** – The opportunity to review the Measure Z Spending Plan is an inclusive and transparent process that incorporates community engagement, involvement of the Budget Engagement Commission, and timely and reliable information.
2. **Equity** – The Measure Z Spending Plan and related discussions are accessible to individuals via the City website and the Riverside community at large is invited to participate in community engagement efforts and public meetings related to the review of the Measure Z Spending Plan.

3. **Fiscal Responsibility** – The separate accounting and reporting of items funded by the Measure Z Spending Plan, as well as the process of discussion and public participation for new funding requests, demonstrate fiscal responsibility in the administration and use of Measure Z funds.
4. **Innovation** – The unique reporting style exhibited in the Measure Z Spending Plan and as described in this report demonstrates an innovative method of sharing information in a transparent and easy-to-understand manner.
5. **Sustainability & Resiliency** – The careful deliberation of Measure Z Spending Items and periodic review and discussion demonstrates the City’s commitment to the prudent use of funds to address current critical needs.

FISCAL IMPACT:

There is no fiscal impact associated with this report.

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Approved by: Edward Enriquez, Assistant City Manager/Chief Financial Officer/City Treasurer
Approved as to form: Phaedra A. Norton, City Attorney

Attachment: Measure Z Spending Plan