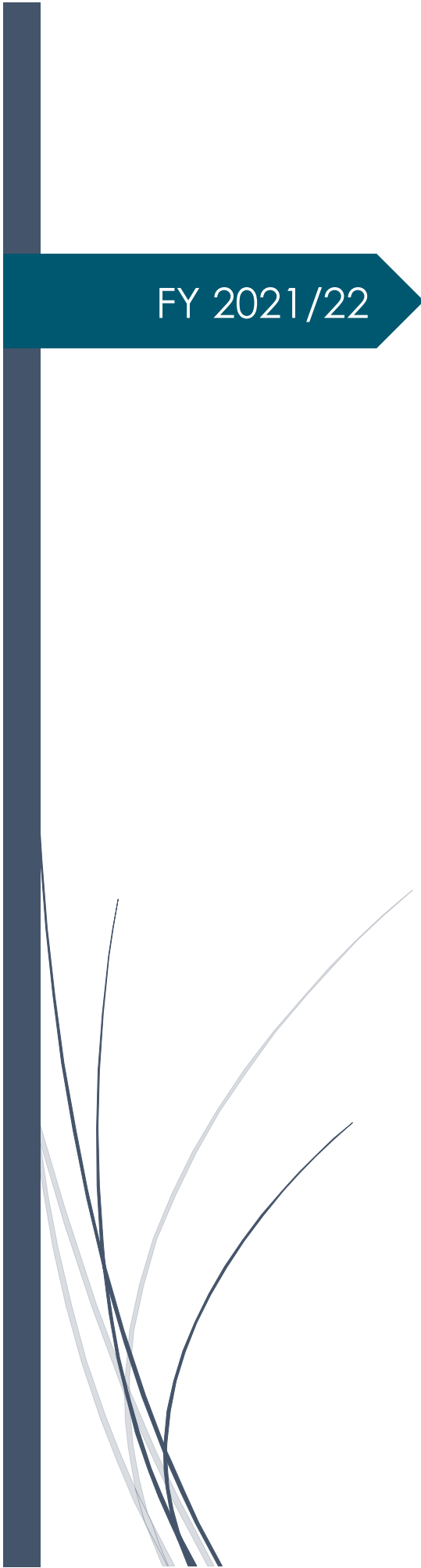




FY 2021/22

23-0115 - Financial Report

(Major Funds)

FISCAL YEAR ENDED

JUNE 30, 2022





Table of Contents

GENERAL FUND.....	2
Revenue	3
Expenditures.....	5
Expenditures by Category	6
Expenditures by Department.....	7
10-Year Expenditure History.....	8
Personnel	9
General Fund Vacancy Savings Targets.....	9
Explanation of Actual Personnel Expenditures.....	11
10-Year Personnel Cost History	12
Fund Reserves	13
General Fund Outlook.....	14
Recommended Use of Surplus Reserves	14
MEASURE Z FUNDS	16
Revenue	16
Expenditures.....	17
Unallocated Fund Reserves	17
ELECTRIC FUND	18
Revenue	18
Expenditures.....	19
Fund Reserves	20
WATER FUND	20
Revenue	21
Expenditures.....	21
Fund Reserves	22
REFUSE FUND	22
Revenue	23
Expenditures.....	24
Fund Reserves	25
SEWER FUND.....	25
Revenue	25
Expenditures.....	26
Fund Reserves	27
PUBLIC PARKING FUND	27
Revenue	28
Expenditures.....	28
Subsequent Event	29
Fund Reserves	30
CONVENTION CENTER, ENTERTAINMENT AND CHEECH MARIN CENTER FUNDS	30
Convention Center Fund	30
Entertainment Fund	31
Cheech Marin Center	32
APPENDIX A – CARRYOVER RECOMMENDATIONS	33
APPENDIX B – MEASURE Z SPENDING PLAN.....	41

GENERAL FUND

The City adopted a biennial budget and five-year planning process in 2016 to provide a more informative, long-term outlook on City finances. Several circumstances prompted the City to adopt a one-year budget for Fiscal Year (FY) 2021/22, including:

- The unpredictable impacts of the COVID-19 Pandemic on City finances;
- The pending outcome of the legal challenge to the General Fund Transfer (GFT) from the Electric Fund and ongoing contingency planning efforts; and,
- The application of Priority Based Budgeting (PBB) in the FY 2022-2024 biennial budget.

Through the adoption of a one-year budget, the City would be able to focus on immediate fiscal challenges and balancing measures. The City Manager's direction to departments for the FY 2021/22 budget was to maintain a flat budget in discretionary non-personnel costs with exceptions including new spending approved by the City Council during the current fiscal year and non-discretionary items, such as election costs. The FY 2021/22 General Fund adopted budget totaled \$286.97M with the incorporation of a \$10M balancing measure spread proportionally among City departments as vacancy savings targets.

Balancing Measure: A balancing measure comprised of a \$7.89M vacancy savings target and \$2.11M from other methods was incorporated into the budget to address the General Fund's projected structural deficit.

General Fund Results at a Glance (Unaudited)

2.6%
**Revenues
Exceeded**

Revised Budget
Projections*

*Excludes \$2.99M unbudgeted
Fire Mutual Aid revenue

6.3%
Projected
**Expenditure
Savings**

\$31.45
NET GAIN

Net of Carryovers

The General Fund's **unaudited** actuals present a net gain of \$31.45M net of encumbrances and recommended carryovers, primarily due to revenues performing exceptionally well and actual personnel savings exceeding the vacancy savings target by \$10.62M.

GENERAL FUND SUMMARY

(in millions)	Adopted Budget	Adjusted Budget	Unaudited Actuals
Incoming Resources	\$ 286.97	\$ 301.83	\$ 312.60
FY 2021/22 Expenditures	\$ 286.97	\$ 289.09	\$ 271.32
FY 2020/21 Encumbrances		4.98	
FY 2020/21 Carryovers		2.48	
FY 2021/22 Encumbrances			6.50
FY 2021/22 Carryovers			3.33
Total Outgoing Resources	\$ 286.97	\$296.55	\$281.15
Projected Net Gain / (Loss)	\$ -	\$ 5.28	\$31.45

Revenue

When developing revenue projections for the adopted budget, staff considered the ongoing impact of the pandemic and potential recovery period for individual revenues, projecting some revenues below FY 2018/19 actuals – the City's most recent "normal" year. Other revenues remained steady or demonstrated growth despite the impacts of the COVID-19 pandemic, such as sales tax. Utility Users Tax and the General Fund Transfer (GFT) were based on electric and water revenue projections with no contingencies for the legal challenge to the Electric GFT: contingency planning continued separately from the budget development process pending the placement of a measure on the November 2021 ballot seeking to reaffirm the Electric GFT.

With the First Quarter Financial Report, revenue projections were adjusted upward by \$13.68 million based on FY 2020/21 actual results, performance to date, and potential COVID-19 impacts through the end of the fiscal year. Despite the significant adjustment, third quarter analysis revealed that General Fund revenue projections may exceed revised revenue estimates. Actual revenues came in higher than the revised budget by \$7.79M, or 2.6% excluding \$2.99M in Fire Mutual Aid revenues which are not budgeted. The following table includes the impact of Fire Mutual Aid revenue in the Other Revenues and Transfers In category.

ALTHOUGH SALES TAX THROUGH THE THIRD QUARTER OF FY 2021/22 HAS CONTINUED A STRONG UPWARD TREND, IT IS PREDOMINANTLY THE RESULT OF INFLATIONARY FACTORS. ACTUAL RESULTS THROUGH THE END OF THE FISCAL YEAR DEPEND ON HOW CONSUMERS AND RETAILERS RESPOND TO INFLATION AND ITS IMPACTS ON SLOWING THE ECONOMY. CONSUMERS MAY MOVE TOWARD ESSENTIALS VERSUS DISCRETIONARY MERCHANDISE.

– City of Riverside Fiscal Update, Quarter Ending March 31, 2022

FISCAL YEAR REVENUE RESULTS

(in millions)	Adopted Budget	Total Budget	Unaudited Actuals	\$ Variance	% Variance
Property Taxes	\$ 76.67	\$ 76.94	\$ 77.87	\$ 0.93	1.2%
Sales and Use Tax	68.27	81.16	90.78	9.62	11.9%
Utility Users Tax	31.07	31.56	32.47	0.91	2.9%
Transient Occupancy Tax	6.12	6.12	8.76	2.64	43.1%
Franchise Fees	5.40	5.62	5.95	0.33	5.9%
Licenses & Non-Developer Permits	8.38	8.78	9.47	0.69	7.9%
Non-Development Charges for Services	9.78	8.95	10.38	1.43	16.0%
Developer Fees & Charges for Services	6.93	6.71	6.91	0.20	3.0%
General Fund Transfer	48.21	48.21	47.14	(1.07)	-2.2%
Measure Z Transfer	18.27	18.27	18.27	-	0.0%
Other Revenues & Transfers In	7.87	9.51	4.60	(4.91)	-51.6%
Total Revenues & Transfers In	\$ 286.97	\$ 301.83	\$ 312.60	\$ 10.77	3.6%

Explanation of Significant Budget Variances

- **Sales and Use Tax:** This year experienced exceptional sales tax revenue performance; however, unlike prior year increases in sales tax revenues, which were driven by consumption, the current trend and increases in sales tax revenue is predominantly the result of inflationary factors. Overall, sales tax revenue has grown by 33% since FY 2018/19.
- **Transient Occupancy Tax:** Transient Occupancy Tax outperformed projections by \$2.64M, or 43.1%, not only exhibiting a strong rebound following the COVID-19 pandemic but exceeding pre-pandemic revenues by 22%.
- **Non-Development Charges for Services:** These revenues are recovering from the pandemic more quickly than anticipated, with Parks and Recreation revenue reaching 93% of pre-pandemic revenue levels.
- **Other Revenues & Transfers In:** Other Revenues and Transfers In are \$4.9M, or 51.6%, less than total budget due to a \$6.5M write-down of investments to market value and \$1M in excess bad debt write-offs, offset by \$2.99M in unbudgeted Fire Mutual Aid revenue.

The following table and chart present the 10-year history of General Fund revenues with the impact of **General Fund restructuring and debt proceeds removed to accommodate year-over-year comparability**. The following are not included for any fiscal year: Fire Bond property tax; proceeds from debt; entertainment venue revenues; grants; and capital projects.

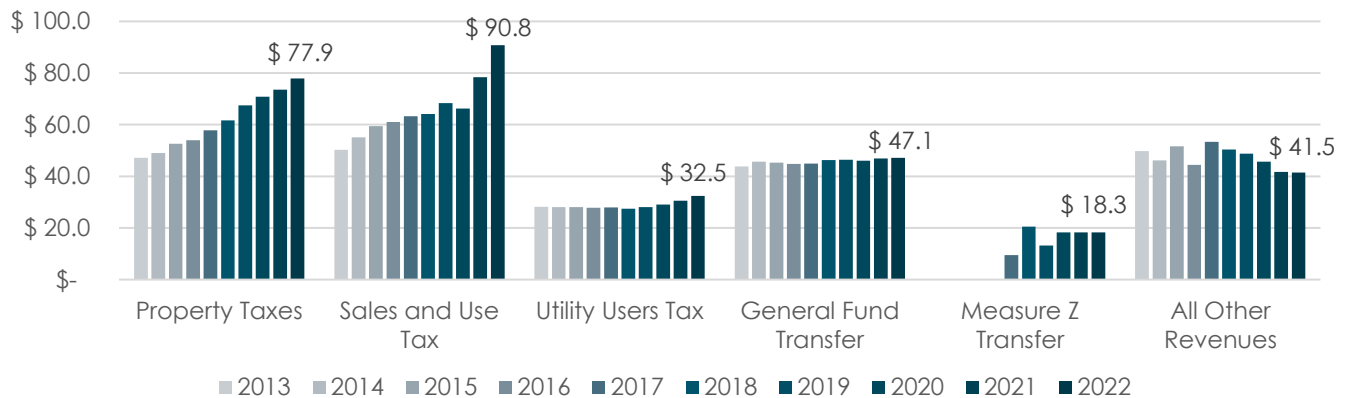
GENERAL FUND REVENUES – 10-YEAR HISTORY

(in millions)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Property Taxes	\$ 47.1	\$ 49.0	\$ 52.6	\$ 54.0	\$ 57.8	\$ 61.7	\$ 67.4	\$ 70.8	\$ 73.6	\$ 77.9
Sales and Use Tax	50.2	55.1	59.4	61.0	63.3	64.1	68.4	66.3	78.3	90.8
Utility Users Tax	28.2	28.1	28.1	27.8	28.0	27.5	28.0	29.0	30.6	32.5
General Fund Transfer	43.8	45.7	45.3	44.8	44.9	46.2	46.5	46.1	46.9	47.1
Measure Z Transfer					9.5	20.5	13.2	18.3	18.3	18.3
All Other Revenues	53.3	49.1	55.2	48.3	52.8	49.9	48.5	45.9	41.7	41.5
Total Revenues*	\$ 222.6	\$ 227.0	\$ 240.6	\$ 235.9	\$ 256.3	\$ 269.9	\$ 272.0	\$ 276.4	\$ 289.4	\$ 308.1
Growth over Prior Year		2.0%	5.9%	-2.0%	8.6%	5.4%	0.7%	1.6%	4.7%	6.5%

*Excludes items that impair comparability from year-to-year, as previously described. 2022 revenues reported in this table exclude grant/intergovernmental revenue totaling \$4.5M.

Property Taxes, Sales and Use Tax, Utility Users Tax, and the General Fund Transfer accounted for 80.6% of all General Fund revenues in 2022. In the past 10 years, the total of these revenue sources as a percent of total revenues has ranged from a low of 73.9% in 2018 to a high of 80.6% in 2022.

10-YEAR GENERAL FUND REVENUE (in millions)



Expenditures

The FY 2021/22 expenditure budget is comprised of the adopted budget of \$286.97M, \$7.46M of unexpended funds carried forward from the previous fiscal year, and \$2.12M of budget adjustments made during the normal course of business. The total adjusted budget for FY 2021/22 is \$296.55M. This includes a \$10M balancing measure in the form of a vacancy savings target of \$7.89M and other savings of \$2.11M to offset a projected structural deficit.

Actual expenditures at fiscal year-end are \$271.32M before encumbrances and recommended carryovers totaling \$9.83M. Encumbrances of \$6.50M and grant carryovers of \$0.004M have been carried forward to FY 2022/23 as provided for in the Riverside Municipal Code. **Staff is requesting Council approval of an additional \$3.33M in discretionary and restricted carryovers**, detailed in

Appendix A of this report. If the carryovers are approved, total expenditures savings for FY 2021/22 will be \$15.40M, or 5.2%, of the total budget.

EXPENDITURES BY CATEGORY

FISCAL YEAR EXPENDITURE RESULTS

(in millions)	Adopted Budget	Total Budget	Unaudited Actuals*	\$ Variance	% Variance
Personnel	\$ 205.88	\$ 205.81	\$ 195.19	\$ (10.62)	-5.2%
CalPERS UAL – Safety	9.81	9.48	9.48	-	0.0%
CalPERS UAL – Miscellaneous	4.92	4.76	4.76	-	0.0%
Non-Personnel Costs	54.49	60.95	58.88	(2.07)	-3.4%
Special Projects	8.74	7.96	7.05	(0.91)	-11.4%
Minor Capital & Grants	0.43	1.35	0.96	(0.39)	-28.9%
Debt Service	32.77	32.77	32.77	-	0.0%
Charges To/From	(17.46)	(17.53)	(18.58)	(1.05)	6.0%
Cost Allocation Plan	(23.53)	(23.53)	(23.53)	-	0.0%
Special Districts Fund Subsidy	1.40	1.41	1.41	-	0.0%
Convention Center Fund Subsidy	4.82	6.66	6.98	0.32	4.8%
Entertainment Fund Subsidy	3.67	4.75	4.13	(0.62)	-13.1%
Cheech Marin Center Fund Subsidy	0.34	0.34	0.17	(0.17)	-50.0%
Transfers to Other Funds	0.69	1.37	1.48	0.11	8.0%
Total Expenditures & Transfers Out	\$ 286.97	\$ 296.55	\$ 281.15	\$ (15.40)	-5.2%

*Unaudited Actuals includes \$6.5M in encumbrances and \$0.004M project/grant carryovers recorded as allowed by the Riverside Municipal Code; and \$3.33M in other carryovers recommended for Council approval (refer to Appendix A).

Explanation of Significant Budget Variances

- **Personnel:** Personnel savings is attributable to an abnormally high vacancy rate; Personnel expenditure and savings details are discussed later in this report.
- **Special Projects:** Much of the savings in this category was experienced in the Non-Departmental programs for the City Manager's Audit Program, Citywide Fiscal Management account, and Public Works' Animal Control program.
- **Minor Capital & Grants:** Much of the savings in this category is attributable to under-expenditure of the Building and Structures Improvements budget in General Services and Automotive Equipment budget in Parks, Recreation & Cultural Services (PRCS). The PRCS savings were fully offset by unbudgeted Non-Personnel costs.
- **Fund Subsidies:** The General Fund subsidizes the debt and net operating losses of the Convention Center, Entertainment Fund, and Cheech Marin Center. The Fox Theater applied grant proceeds from a FY 2020/21 Shuttered Venue Operator Grant to current year

operations which resulted in subsidy savings. The Cheech Marin Center opened later than anticipated, thereby requiring a reduced subsidy than originally budgeted.

EXPENDITURES BY DEPARTMENT

FISCAL YEAR DEPARTMENTAL RESULTS

(in millions)	Adopted Budget	Total Budget	Unaudited Actuals*	Overage/ (Savings)	% Variance
Mayor	\$ 0.84	\$ 0.86	\$ 0.84	\$ (0.02)	-2.3%
City Council	1.32	1.32	1.25	(0.07)	-5.3%
City Manager	4.66	4.71	4.05	(0.66)	-14.0%
City Clerk	1.97	1.98	1.89	(0.09)	-4.5%
City Attorney	5.08	5.10	4.70	(0.40)	-7.8%
Human Resources	3.41	3.64	3.36	(0.28)	-7.7%
General Services	4.59	4.61	4.04	(0.57)	-12.4%
Finance	7.09	7.51	6.93	(0.58)	-7.7%
Innovation & Technology	11.86	12.97	11.85	(1.12)	-8.6%
Community Development	15.76	17.38	14.75	(2.63)	-15.1%
Police	108.75	109.31	105.14	(4.17)	-3.8%
Fire	58.99	59.36	61.49	2.13	3.6%
Public Works	17.85	18.55	14.87	(3.68)	-19.6%
Library	7.91	8.20	7.86	(0.34)	-4.1%
Parks, Rec, & Comm. Services	22.20	23.21	22.04	(1.17)	-5.0%
Museum	2.04	2.31	1.99	(0.32)	-13.9%
Non-Departmental	36.18	39.06	37.63	(1.43)	-3.7%
Cost Allocation Plan	(23.53)	(23.53)	(23.53)	-	0.0%
Total Expenditures & Transfers Out	\$ 286.97	\$ 296.55	\$ 281.15	\$(15.40)	-5.2%

*Unaudited Actuals includes \$6.5M in encumbrances and \$0.004M project/grant carryovers recorded as allowed by the Riverside Municipal Code; and \$3.33M in other carryovers recommended for Council approval (refer to Appendix A).

Explanation of Significant Budget Variances

- **City Manager:** Savings are primarily attributable to personnel vacancies and internal audit services that were budgeted to be contracted out but did not occur.
- **General Services:** Savings are primarily attributable to personnel vacancies and under-expenditure of the Building and Structures Improvements budget.
- **Community Development:** This department ended the fiscal year with savings of \$1.8M in personnel savings due to vacancies, \$0.3M in training, and \$0.2M in professional services.

- **Fire:** The department exceeded its total budget by \$.10M after excluding unbudgeted, reimbursable Mutual Aid costs of \$2.03M. The overage is attributable to vacancies and mandated staffing requirements.
- **Public Works:** The department ended the fiscal year with \$2.4M in personnel savings due to vacancies, and \$0.9M of savings in construction and maintenance materials.
- **Museum:** The departmental savings are primarily attributable to personnel vacancies.

10-YEAR EXPENDITURE HISTORY

The following table shows the history of General Fund expenditures **with the impact of General Fund restructuring and nonrecurring items removed to accommodate year-over-year comparability**. Grants, capital projects and operating transfers are not included for any fiscal year. The effects of General Fund restructuring are most evident in the Minor Capital, Grants, Debt Service, and Fund subsidies categories. The 2022 actuals in the following table will differ from the previous charts as the actuals below do not include encumbrances and carryovers totaling \$9.83M.

GENERAL FUND EXPENDITURES – 10-YEAR HISTORY

(in millions)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Personnel Costs	\$ 170.1	\$ 172.9	\$ 177.9	\$ 191.3	\$ 197.0	\$ 185.2	\$ 193.8	\$ 196.0	\$ 196.1	\$ 195.1
CalPERS UAL – Safety						11.4	14.3	17.2	7.2	9.5
CalPERS UAL – Misc						6.8	8.6	9.8	3.9	4.8
Non-Personnel Costs	55.2	59.6	63.6	62.9	58.6	48.5	50.3	47.1	46.7	51.3
Special Projects	8.7	9.4	13.9	14.6	16.8	7.3	6.8	6.2	4.5	5.4
Minor Capital	4.4	6.5	4.0	8.0	3.9	2.9	2.1	0.8	0.3	0.3
Grants	4.1	5.9	5.1	5.5	4.1	4.9	0.4	0.2	0.7	0.1
Debt Service	57.2	56.6	60.9	61.8	62.2	24.3	24.5	21.6	30.2	32.8
Charges To/From	(16.1)	(16.4)	(16.9)	(17.2)	(16.7)	(17.4)	(19.5)	(17.2)	(20.6)	(18.6)
Cost Allocation Plan	(17.9)	(18.6)	(18.1)	(20.2)	(19.9)	(18.9)	(24.1)	(26.3)	(23.4)	(23.5)
Fund Subsidies						10.3	9.9	11.9	13.2	12.7
Operating Transfers	0.4	3.3	3.3	3.3	-	5.0	4.4	13.3	3.3	1.5
Total Expenditures	\$ 266.1	\$ 279.2	\$ 293.7	\$ 310.0	\$ 306.0	\$ 270.3	\$ 271.5	\$280.6	\$262.1	\$271.4
Growth over Prior Year	3.5%	4.9%	5.2%	5.5%	-1.3%	-11.7%	0.4%	3.4%*	-6.6%	3.5%

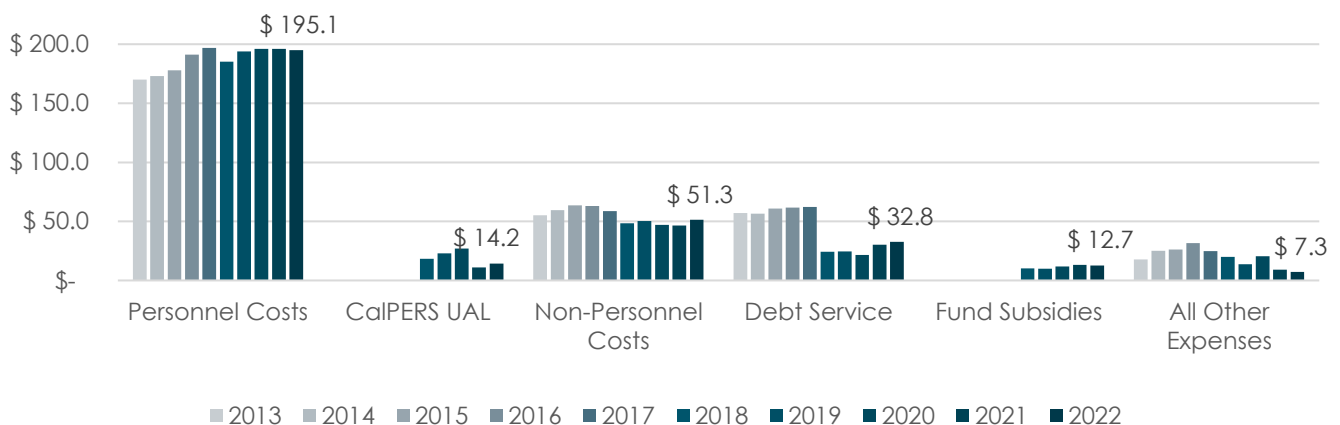
*Includes a transfer of \$9.35M to establish the Section 115 Trust for the fiscal management of the CalPERS UAL. With this transaction excluded, the 2020 growth is -0.1% and the FY 2020/21 decrease as compared to the prior year is -3.4%.

Total General Fund expenditures continued to increase through 2016, at which time the General Fund structural deficit was actively addressed via a combination of balancing measures and Measure Z resources. Measure Z allowed the City to maintain critical operating needs, expand safety services, and address other critical unfunded needs. Total expenditures have remained relatively flat in recent years, with 2022 costs just 0.4% higher than 2018.

Explanation of Significant Trend Variations

- **Personnel Costs:** The spike in 2016 is due to an additional pay period in the fiscal year and the impact of MOU negotiations. The Partnership Compensation Model produced maximum salary increases under MOU provisions in 2018 and 2019. The reduction in 2018 is due to balancing measures to address the General Fund structural deficit and the shifting of some personnel to Measure Z.
- **CalPERS UAL:** CalPERS separated the UAL from normal retirement costs in 2018 and established a UAL payment methodology to address unfunded retirement costs. In 2021, the City issued a Pension Obligation Bond which shifted some CalPERS UAL costs to the Debt Service category and resulted in a net savings of \$7.2M in 2021.
- **Special Projects and Fund Subsidies:** The entertainment venues that are now housed in the Convention Center and Entertainment Funds were moved into the General Fund in 2015 and later removed and established as enterprise funds in 2018. General Fund support of these funds is recorded as a Fund Subsidy for transparency.
- **Debt Service:** Through 2017, citywide activity related to outstanding Pension Obligation Bonds were passed through the General Fund for accumulation before sending the resources to the Debt Service Fund to make the annual debt payment. This intermediate step was discontinued in 2018.

10-YEAR GENERAL FUND EXPENDITURES (in millions)



Personnel

GENERAL FUND VACANCY SAVINGS TARGETS

The \$10M budget balancing measure spread proportionally among City departments as vacancy savings targets was to be achieved through the departments' choice to hold positions vacant or reduce non-personnel budgets in lieu of vacancy savings. Some departments elected to offset all or a portion of their vacancy savings target with other methods, thereby resulting in approximately

\$7.89M to be achieved through vacancy savings as reflected in the table below. Due to mandated staffing levels in the Fire Department, 14 firefighters were transferred from the General Fund to Measure Z to achieve their vacancy target of approximately \$2M.

GENERAL FUND VACANCY SAVINGS

Department	Vacancy Savings Target (in millions)	Target FTE Reduction	Actual Overage / (Savings) (in millions)	Actual Average Vacant FTE
Mayor	\$ -	-	\$ 0.03	0.23
City Council	-	-	(0.03)	-
City Manager	(0.21)	3.00	(0.47)	6.95
City Clerk	(0.06)	-	(0.12)	0.62
City Attorney	(0.23)	3.00	(0.49)	5.27
Human Resources	(0.18)	2.00*	(0.66)	5.50
General Services	(0.18)	3.00*	(0.36)	6.23
Finance	(0.29)	4.00	(0.94)	10.88
Innovation & Technology	(0.43)	5.00*	(1.34)	11.23
Community & Economic Development	(0.66)	7.00*	(2.51)	25.00
Police	(4.01)	31.00	(7.58)	65.50
Fire	-	-	2.36	10.73
Public Works	(0.79)	12.00*	(3.23)	32.62
Library	(0.26)	3.00	(0.94)	11.31
Parks, Recreation & Community Services	(0.51)	6.00	(1.86)	17.01
Museum	(0.08)	3.00*	(0.37)	3.96
Totals	\$ (7.89)	82.00	\$ (18.51)	213.04

*Includes partial unfunding of some or all FTE via delayed recruitment.

In January 2022, considering strong sales tax revenue performance and voter approval of Measure C to continue the Electric GFT, staff recommended that the City Council rescind the adopted \$10M vacancy savings target to allow departments to recruit for and fill all vacant positions. However, the City faced a legal challenge related to the certification of Measure C results. On January 18, 2022, the City Council authorized staff to rescind the vacancy savings target contingent upon a successful certification of Measure C.

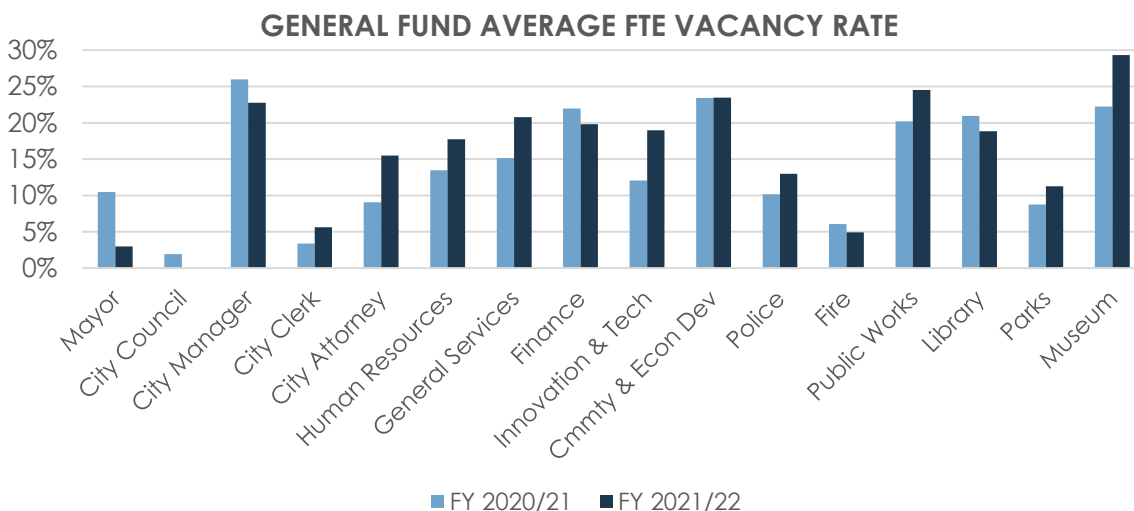
The City received a ruling on the Measure C certification late in April 2022 which did not present an immediate fiscal impact to the City; however, given the timing, staff determined there was no benefit to formally rescinding the vacancy savings target. Staff reported to the City Council through the FY 2021/22 Third Quarter Financial Update that these budget adjustments were not recorded.

EXPLANATION OF ACTUAL PERSONNEL EXPENDITURES

The net result of personnel savings exceeding the \$7.89M vacancy savings target by \$10.62M is mostly attributable to significantly higher vacancy rates experienced by most departments in FY 2021/22 as compared to that for FY 2020/21. Fire Department personnel expenditures exceeded budget by \$0.33M due to vacancies and related overtime to maintain mandated staffing levels.

Consistent with other public agencies per the 2022 Workforce Survey, the City faced retention, recruitment, and hiring issues during FY 21/22. The Human Resources (HR) Department is trying to stay ahead of the curve to attract and retain the best talent while addressing issues, such as an increase in the number of applicants who do not meet the minimum qualifications; decrease in the number of applications submitted for many positions, thereby making it difficult to fill specialized positions; and an increase in the number of failed background checks and/or physicals. HR is posting positions longer and/or on a continuous basis; increasing advertisements efforts; and participating in hiring and/or career fair events. In addition, HR is undertaking efforts to position the City as an employer of choice by increasing outreach efforts to attract a diverse and highly skilled workforce and aligning the recruitment and selection process with diversity, equity, and inclusion values.

The chart below depicts the average vacancy rate for FY 2020/21 and FY 2021/22 for each department in the General Fund. Several departments experienced similar or significantly higher vacancy rates in FY 2021/22 as compared to the prior year.



2022 Workforce Survey

Eighty-one percent of state and local governments are hiring new employees but face workforce challenges that are impacting total employment, according to a new research report from MissionSquare Research Institute conducted in collaboration with the International Public Management Association for Human Resources (IPMA-HR) and the National Association of State Personnel Executives (NASPE).

<https://slge.org/resources/state-and-local-government-workforce-survey-2022>

10-YEAR PERSONNEL COST HISTORY

GENERAL FUND PERSONNEL & CALPERS UAL COSTS – 10-YEAR HISTORY

(in millions)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Salaries	\$103.2	\$104.3	\$104.9	\$117.9	\$115.6	\$116.7	\$122.2	\$124.4	\$124.7	\$122.1
Leave Payoffs	3.3	3.6	4.3	3.4	4.0	4.7	5.5	6.1	7.0	6.2
Overtime	11.1	11.6	12.4	13.2	12.3	14.7	15.0	15.4	17.1	17.4
Insurances	16.3	16.0	17.5	19.0	19.0	19.1	20.6	19.7	18.1	21.4
Retirement	33.7	34.6	35.3	40.8	42.6	44.9	49.8	53.6	37.5*	38.5
Payroll Accruals	0.3	0.5	1.0	(5.9)	0.6	0.3	0.4	1.1	0.4	0.8
Other	2.2	2.3	2.5	2.9	2.9	3.0	3.2	2.7	2.4	3.0
Total Personnel & CalPERS UAL Costs	\$170.1	\$172.9	\$177.9	\$191.3	\$197.0	\$203.4	\$216.7	\$223.0	\$207.2	\$209.4
Growth over Prior Year	1.3%	1.6%	2.9%	7.5%	3.0%	3.2%	6.5%	2.9%	-7.1%	1.1%

* Due to the changes implemented by CalPERS regarding the unfunded liability in 2018, retirement costs increased \$19.9M from 2013 to 2020 before declining \$16.2M in 2021 due to a lump-sum paydown with the issuance of a Pension Obligation Bond (POB).

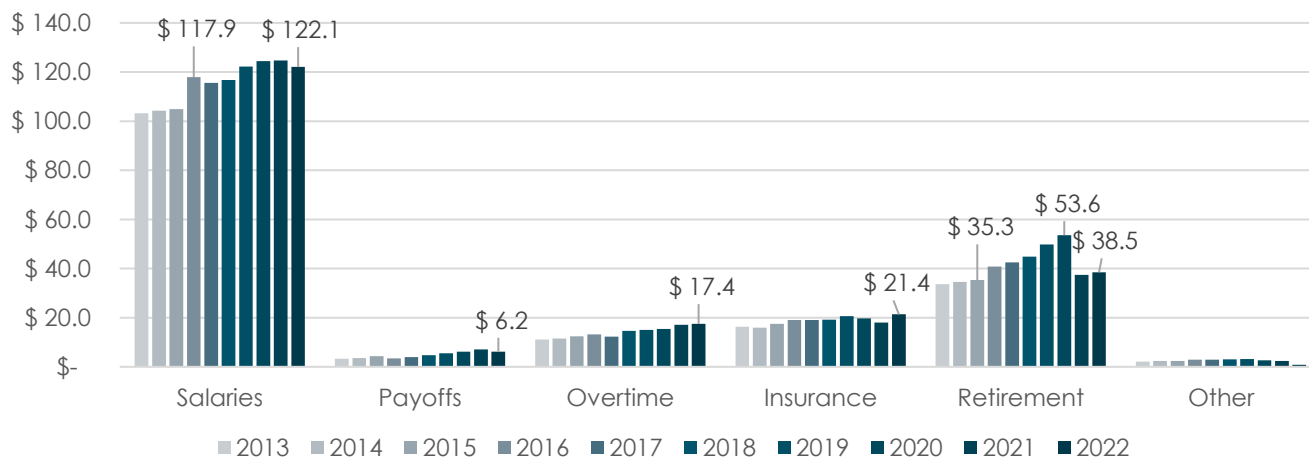
Explanation of Significant Trend Variations

In 2016, the spike in salary costs is attributable to several factors, including:

- 27 biweekly pay periods in 2016, as compared to the usual 26 pay periods per year.
- Renegotiation of Memoranda of Understanding (MOU), which included an estimated \$3.9M immediate impact related to the Police MOUs.

In 2018 and 2019, the Partnership Compensation Model produced maximum salary increases under MOU provisions. The 2018 impact was partially offset by and the shifting of some personnel to Measure Z.

10-YEAR GENERAL FUND PERSONNEL COSTS



Maintaining Reserves

The City's policy reserve level is 20%, comprised of a 15% Emergency Reserve and a 5% Contingency Reserve.

At each fiscal year end, fund reserves are calculated as a percentage of the following year's adopted budget. Since adopted appropriations typically increase from year to year, a 20% corresponding increase in reserves is required to maintain the reserve level (\$200,000 for each \$1M increase in appropriations). However, this annual increase in the reserve requirement is not formally incorporated into the adopted budget. Therefore, General Fund savings is typically needed at the end of each fiscal year to ensure that the reserve level is maintained.

The required increase in the 20% General Fund policy reserve based on the adopted FY 2022/23 budget is \$3.74M.

The FY 2022/23 adopted budget totals \$305.67M, requiring 20% reserves of \$61.13M.

Fund Reserves

The beginning fund balance includes all amounts available to spend at the end of the previous fiscal year and 20% policy reserves. Current year activity, including new encumbrance and carryover balances, required accounting changes in other fund reserves, and recomputed policy reserves are subtracted or added to the beginning fund balance to arrive at the new balance of projected surplus reserves. This amount is available for allocation per Council direction.

FUND BALANCE

(in millions)

Beginning Fund Balance (Audited)	\$ 64.69
FY 2021/22 Activity	
Revenues	\$ 312.60
Expenditures	(271.32)
Encumbrances/Projects/Grants	(6.50)
Restricted Carryovers*	(0.89)
Discretionary Carryovers*	(2.44)
Subtotal	\$ 31.45
Change in Other Reserves	\$ (0.31)
Net Change in Fund Balance	\$ 31.14
Fund Balance Reserves	
15% Emergency Reserve	\$ (45.85)
5% Contingency Reserve	(15.28)
Total Policy Reserves	\$ (61.13)
Projected Surplus Reserves	\$ 34.70

*Subject to Council approval – refer to Appendix A.

GENERAL FUND OUTLOOK

While the short-term outlook for the General Fund has improved with continuing strong performance in sales tax revenue and modest growth in other revenue sources, there are still significant financial issues that present challenges to the long-term fiscal health of the General Fund:

- The financial markets continue to impede the financial performance of the CalPERS retirement fund, which ended in negative territory with a revised -7.5% return on investments for fiscal year ended June 30, 2022. Positive investment gains in the previous fiscal year will allow the City to face the immediate fiscal impact to the required UAL payments; however, future investment returns, if negative, will significantly increase the City's unfunded liability and annual payment requirements putting added pressure on personnel costs.
- The City needs to formally establish a long-term program for infrastructure investment in much needed deferred maintenance and capital investments. Current needs are typically addressed with one-time revenues and savings which is an unsustainable practice. While over \$1.6 billion in capital asset investments were made during the Riverside Renaissance period in the mid-2000's, planning for the ongoing maintenance of those investments was not included in subsequent budgets.
- While the City has received a temporary reprieve in the Measure C litigation, the City needs to strategically position itself against future challenges to the General Fund Transfer to mitigate the risk to City services that would result from the loss of this heavily relied upon revenue source.

RECOMMENDED USE OF SURPLUS RESERVES

At the end of FY 2021/22, the City has surplus reserves totaling \$34.70M. Staff recommends using surplus reserves as detailed in the following table to help fund employee salary increases and two major fiscal challenges described above.

RECOMMENDED USE OF SURPLUS RESERVES

(in millions)

Projected Surplus Reserves	\$ 34.70
Proposed Use of Surplus Reserves	
MOU Impacts	\$(15.00)
Capital Replacement Fund	(10.00)
Section 115 Trust	(9.70)
Total	\$(34.70)
Remaining Surplus Reserves	\$ 0.00



Justification for Use of Reserves

- **MOU Impacts:** In recent months, the City entered MOU negotiations with each of the City's bargaining units with a strategic fiscal plan to utilize anticipated surplus reserves to help fund salary increases and stipends for City employees over the next three fiscal years, in addition to the adopted budget surpluses of approximately \$5M in FY 2022/23 and \$7M in FY 2023/24, increases in annual sales tax projections, and other factors. The MOU impacts in the General Fund are expected to exceed \$48M over three years. Staff recommends allocating \$15M of surplus reserves toward the future MOU impacts.
- **Capital Replacement Fund:** A Capital Replacement Fund was established to accumulate resources for the maintenance and/or replacement of capital assets with an infusion of \$10.62M of FY 2020/21 surplus reserves approved by Council in the prior year. The City needs to establish a formal long-term revolving program for infrastructure investment in much needed deferred maintenance and capital investments. Current needs are typically addressed with one-time revenues and savings, which is an unsustainable practice. Staff recommends setting aside additional reserves of \$10M from FY 2021/22 surplus reserves. A policy for the ongoing use and replenishment of capital replacement reserves will be created and presented for City Council consideration at a future date.
- **Section 115 Trust:** The Section 115 Trust was established to support the long-term fiscal management of the CalPERS UAL. The establishment of the Trust will allow the City to smooth the combined UAL and POB payment requirements to avoid spikes in the payment schedules and significant pressure to General Fund finances in future years. The current value of Trust assets is \$19.4M. Staff recommends contributing \$9.7M from FY 2021/22 surplus reserves to the Section 115 Trust.

MEASURE Z FUNDS

The financial reporting of Measure Z focuses on a Spending Plan format, which is a different presentation method than the financial reporting of other funds. The spending plan methodology provides a transparent and accessible illustration of Measure Z activity without the “noise” of formal accounting requirements and debt-funded capital projects:

- Measure Z activity is tracked in two funds as required by accounting rules: the Measure Z operating fund and the Measure Z capital fund. The capital fund includes all major capital activity, while the operating fund includes all other activity. Fund resources are transferred from the operating fund to the capital fund as needed to fund approved capital projects. These interfund transfers have a net zero impact and are not reported in the Spending Plan.
- Some Measure Z capital items are funded by debt, including Library construction and Fire vehicle replacement. Measure Z resources are used to pay the annual debt obligations, and these debt payments are reported in the Spending Plan. The spending of debt proceeds for capital purposes do not represent a current use of Measure Z tax revenue, so they are not reported in the Spending Plan.

Revenue

The budgeted projection of \$64.80M in total revenues was revised to \$74.35M in the First Quarter Financial Report based on FY 2020/21 actual results, performance to date, and potential COVID-19 impacts through the end of the fiscal year. Transaction & Use Tax continued to perform strongly during the fiscal year, prompting the City's sales tax consultant, HdL, to increase revenue projections for year-over-year growth in Measure Z tax revenue over prior year actuals to 6.5% in the second quarter followed by a revised increase of 12.5% in the third quarter. Total revenues came in at \$83.16M, which is \$8.81M higher than the revised budget and 15.5% higher than the prior year. The current year increase in Measure Z revenue is predominantly the result of inflationary factors rather than increased consumption compared to prior year.

The following table reports the revenue history for Measure Z since inception.

MEASURE Z REVENUES SINCE INCEPTION						
(in millions)	2017	2018	2019	2020	2021	2022
Transaction & Use Tax (TUT)	\$ 12.61	\$ 56.20	\$ 62.29	\$ 62.38	\$ 72.00	\$ 83.16
Interest Revenue	-	0.04	0.53	0.76	0.65	0.75
Total Revenues	\$ 12.61	\$ 56.24	\$ 62.82	\$ 63.14	\$ 72.65	\$ 83.91
TUT Growth over Prior Year	100%	345.7%	10.8%	0.1%	15.4%	15.5%

Expenditures

Measure Z expenditures are inconsistent due to the number of long-term initiatives and projects financed by Measure Z resources. This results in an accumulation of resources and carryover of funding in spending items of those types. Actual expenditures at fiscal year-end are \$67.86M before encumbrances and carryovers of \$48.90M. Encumbrances of \$18.65M and capital carryovers of \$13.93M have been carried forward to FY 2022/23 as provided for in the Riverside Municipal Code. **Staff is requesting Council approval of an additional \$16.32M in discretionary (non-capital) carryovers**, detailed in Appendix A of this report.

For inception-to-date expenditure reporting by funded item, refer to the Measure Z Spending Plan in Appendix B of this report.

Unallocated Fund Reserves

Actual Measure Z revenues of \$83.91M and expenditures of \$67.86M produced a net increase of fund reserves of \$16.05M. Projected unallocated fund reserves (unaudited) are anticipated to total \$42.09M net of encumbrances and recommended carryovers totaling \$49.05M. The FY 2022-2024 Biennial Budget includes a Five-Year Spending Plan with a programmed draw on reserves through FY 2026/27 totaling \$33M. Staff recommends that unallocated reserves remain intact pending a mid-cycle budget update which will incorporate the fiscal impact of MOU negotiations for Measure Z's 181 funded positions.

MEASURE Z ACTIVITY AND PROJECTED FUND RESERVES

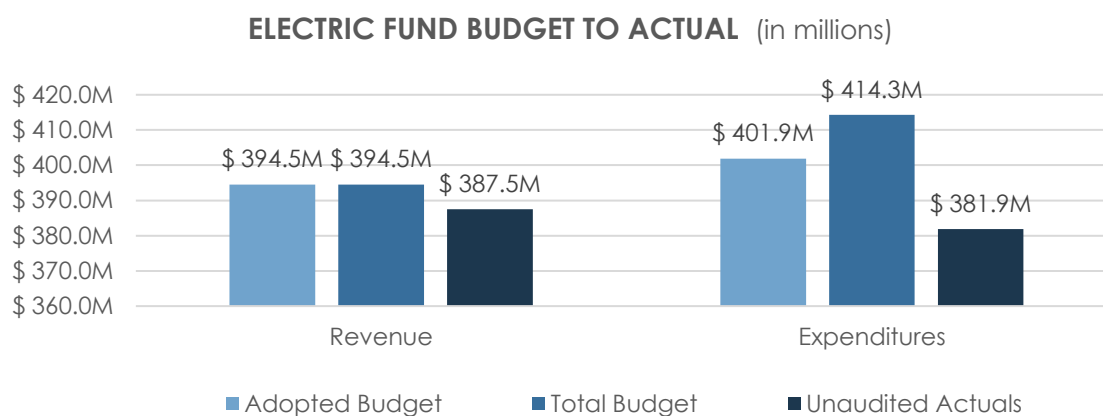
(in millions)	2017	2018	2019	2020	2021	2022
Revenue	\$ 12.61	\$ 56.24	\$ 62.82	\$ 63.14	\$ 72.65	\$ 83.91
Expenditures	(9.98)	(36.14)	(40.99)	(49.56)	(50.85)	(67.86)
Encumbrances & Carryovers						(49.05)
Net Change in Fund Balance	\$ 2.63	\$ 20.10	\$ 21.83	\$ 13.58	\$ 21.80	\$ (33.00)
Beginning Unallocated Fund Reserves	\$ -	\$ 2.63	\$ 22.73	\$ 39.56	\$ 53.14	\$ 74.94
Net Change in Fund Balance	2.63	20.10	21.83	13.58	21.80	(33.00)
Fund Balance Reserve Policy	-	-	(5.00)	-	-	-
Ending Unallocated Fund Reserves	\$ 2.63	\$ 22.73	\$ 39.56	\$ 53.14	\$ 74.94	\$ 41.94

The Measure Z Reserve Policy adopted by City Council on April 2, 2019, requires a minimum \$5M contingency reserve level. This amount was removed from unallocated fund reserves in 2019 and is held intact, separately of unallocated reserves reported in the Spending Plan.

ELECTRIC FUND

The FY 2021/22 adopted budget for the Electric Fund includes a programmed \$7.44M operating deficit and draw on fund reserves. This is a financial strategy employed to draw reserves down to keep rate increases as low as possible. Unaudited fiscal year end results present an operating gain of \$5.69M including outstanding encumbrances and carryovers of \$13.84M.

The Total Budget in the following chart and tables includes the carryover of the previous fiscal year's unexpended funds and adjustments to the revenue and expenditure budgets made during the normal course of business. Actual expenditures include \$13.84M of outstanding encumbrances and carryovers to reflect budgetary savings.



Revenue

Total revenues at fiscal year-end are 1.8% (\$6.94M) less than revenue projections in the adopted budget.

FISCAL YEAR OPERATING REVENUE RESULTS

(in millions)	Adopted Budget	Total Budget	Unaudited Actuals	\$ Variance	% Variance
Retail Sales	\$ 338.83	\$ 338.83	\$ 337.88	\$ (0.95)	-0.3%
Transmission Revenue	31.48	31.48	32.25	0.77	2.4%
Other Operating Revenue	14.58	14.58	18.84	4.26	29.2%
Miscellaneous Revenue	7.02	7.05	(9.09)	(16.14)	-228.9%
Capital Contributions	2.55	2.55	7.67	5.12	200.8%
Total Revenues	\$ 394.46	\$ 394.49	\$ 387.55	\$ (6.94)	-1.8%

Explanation of Significant Budget Variances

- **Other Operating Revenue:** The City was allocated more allowances than were necessary to cover its greenhouse gas emissions. These allowances were sold at higher-than-anticipated market prices, thereby generating \$7.7M more in revenue than was anticipated. These gains were offset by lower-than-anticipated miscellaneous service revenues and outside sales.
- **Miscellaneous Revenue:** The variance in this category is primarily due to fiscal year-end adjustments, including a \$10.5M write-down of investments to market value at fiscal year-end and a \$5.7M increase of the San Onofre Nuclear Generating Station (SONGS) decommissioning liability recorded as an extraordinary item in a revenue account.
- **Capital Contributions:** Revenue in this category is \$5.12M, or 200.8%, more than projections due to increased developer activity (construction) and donated plant assets from developers consisting of underground conduit and underground conductors and devices. Revenue from the latter is not budgeted as it is highly unpredictable.

Expenditures

The FY 2021/22 total expenditure budget for the Electric Fund is comprised of the adopted budget of \$401.90M; \$11.83M of unexpended funds carried forward from the previous fiscal year; and budget adjustments made during the normal course of business. The total adjusted budget for FY 2021/22 is \$414.25M. The following table illustrates budgetary savings of \$32.39M after \$13.84M of encumbrances and carryovers.

FISCAL YEAR OPERATING EXPENDITURE RESULTS

(in millions)	Adopted Budget	Total Budget	Unaudited Actuals*	\$ Variance	% Variance
Personnel	\$ 71.06	\$ 70.87	\$ 41.18	\$ (29.69)	-41.9%
Power Supply	216.21	216.01	230.34	14.33	6.6%
Operating & Maintenance	20.63	33.36	25.41	(7.95)	-23.8%
Debt Service	53.38	53.39	45.49	(7.90)	-14.8%
General Fund Transfer	40.62	40.62	39.44	(1.18)	-2.9%
Transfers to Other Funds	-	-	-	-	0.0%
Total Expenditures & Transfers Out	\$ 401.90	\$ 414.25	\$ 381.86	\$ 32.39	-7.8%

*Includes \$4.65M in encumbrances and \$0.03M grant carryovers recorded as allowed by the Riverside Municipal Code; and \$9.15M in other carryovers recommended for Council approval (refer to Appendix A).

Explanation of Significant Budget Variances

- **Personnel:** Personnel costs were \$29.69M, or 41.9%, less than total budget due to vacancies and attrition. At June 30, 2022, the Electric Fund had 98.25 FTE vacancies, representing a vacancy rate of 21%.

- 
- **Power Supply:** Power supply costs were \$14.33M, or 6.6%, higher than total budget due to higher-than-expected energy costs.
 - **Operating & Maintenance:** A portion of the savings for professional services was due to ongoing COVID-19 restrictions that reduced customer engagement activities while others were related to services that are used on an “as-needed” basis. The Electric Fund also experienced savings in its budgets for maintenance of buildings and software that are used “as-needed” or as technology projects are implemented. Budgets for these items are included annually; therefore, no carryover is needed.
 - **Debt Service:** Savings in this category were due to delaying a bond issuance and heavy vehicles capital lease to FY 2022/23. Additional savings resulted from interest costs on the variable rate debt.

Actual operating expenditures at fiscal year-end are \$368.02M before encumbrances and carryovers of \$13.84M. Encumbrances of \$4.65M and grant carryovers of \$0.04M have been carried forward to FY 2022/23 as provided for in the Riverside Municipal Code. **Staff is requesting Council approval of an additional \$9.15M in operating carryovers**, detailed in Appendix A of this report. If the carryovers are approved, the operating budget savings for FY 2021/22 will be \$32.39M, or 7.8%, of the total budget.

Capital expenditures totaling \$280.75M were recorded during the fiscal year; this amount includes \$19.41M of encumbrances and \$230.73M of unexpended capital project funds that have been carried forward to FY 2022/23 as provided for in the Riverside Municipal Code.

Fund Reserves

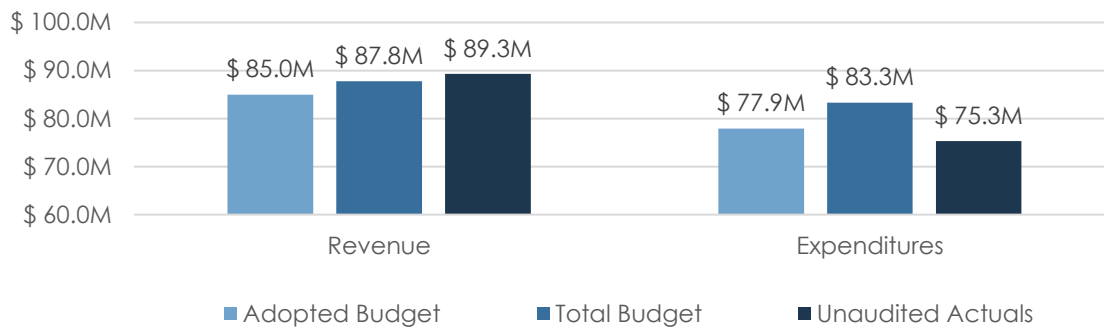
Reserve levels at fiscal year-end are expected to be within established policy levels; results are pending the completion of the financial audit.

WATER FUND

The Water Fund is in a healthy position with estimated reserve levels within the required policy reserve range. The adopted budget includes an operating gain of \$7.18M, with approximately \$3.4M to be used to fund \$21.5M in capital projects in FY 2021/22, supplemented by bond proceeds. Unaudited fiscal year end results present a budgetary operating gain of \$13.91M after outstanding encumbrances and carryovers of \$4.52M.

The Total Budget in the following chart and tables includes the carryover of the previous fiscal year’s unearned grant revenue, unexpended funds, and adjustments to the revenue and expenditure budgets made during the normal course of business. Actual expenditures include \$4.52M of outstanding encumbrances and carryovers to reflect budgetary savings.

WATER FUND BUDGET TO ACTUAL (in millions)



Revenue

Total revenues at fiscal year-end are 1.6% (\$1.40M) more than revenue projections in the adopted budget.

FISCAL YEAR OPERATING REVENUE RESULTS

(in millions)	Adopted Budget	Total Budget	Unaudited Actuals	\$ Variance	% Variance
Retail Sales	\$ 70.98	\$ 70.98	\$ 72.86	\$ 1.88	2.6%
Conveyance/Wholesale	5.96	5.96	4.28	(1.68)	-28.2%
Other Operating Revenue	2.27	2.27	2.39	0.12	5.3%
Miscellaneous Revenue	5.83	8.63	9.71	1.08	12.5%
Total Revenues	\$ 85.04	\$ 87.84	\$ 89.24	\$ 1.40	1.6%

Explanation of Significant Budget Variances

- **Conveyance/Wholesale:** Revenue in this category was adversely impacted due to unforeseen events causing several production wells to shut down during the summer months and overall reduced demand from other utilities.
- **Miscellaneous Revenue:** Revenue in this category is higher than projections due to a payment of \$1.6M from Southern California Edison compensating the Water Utility for the loss of potential savings from the solar projects resulting from a change of the time-of-use time period and rates charged during that time and \$2.1M in donated plant assets from developers consisting of transmission mains, transmission and distribution services, and transmission and distribution fire hydrants. Revenue from the latter is not budgeted. These revenues are offset by a \$1.9M write-down of investments to market value at fiscal year-end.

Expenditures

The FY 2021/22 total expenditure budget is comprised of the adopted budget of \$77.86M; \$5.0M of unexpended funds carried forward from the previous fiscal year; and budget adjustments made

during the normal course of business. The total adjusted budget for FY 2021/22 is \$83.30M. The following table shows budgetary savings of \$7.97M after \$4.52M of encumbrances and carryovers.

FISCAL YEAR OPERATING EXPENDITURE RESULTS

(in millions)	Adopted Budget	Total Budget	Unaudited Actuals*	\$ Variance	% Variance
Personnel	\$ 24.56	\$ 24.52	\$ 17.04	\$ (7.48)	-30.5%
System Operations	25.06	30.54	31.66	1.12	3.7%
Debt Service	20.65	20.65	18.92	(1.73)	-8.4%
General Fund Transfer	7.59	7.59	7.71	0.12	1.6%
Total Expenditures & Transfers Out	\$ 77.86	\$ 83.30	\$ 75.33	\$ (7.97)	-9.6%

*Includes \$3.21M in encumbrances and \$0.35M grant carryovers recorded as allowed by the Riverside Municipal Code; and \$0.97M in other carryovers recommended for Council approval (refer to Appendix A).

Explanation of Significant Budget Variances

- **Personnel:** Personnel costs were \$7.48M (30.5%) less than total budget due to vacancies and attrition. At June 30, 2022, the Water Fund had 16.50 FTE vacancies, representing a vacancy rate of 10%.

Actual operating expenditures at fiscal year-end are \$70.81M before encumbrances and carryovers of \$4.52M. Encumbrances of \$3.21M and grant carryovers of \$0.34M have been carried forward to FY 2022/23 as provided for in the Riverside Municipal Code. **Staff is requesting Council approval of an additional \$0.97M in operating carryovers**, detailed in Appendix A of this report. If the carryovers are approved, operating budget savings for FY 2021/22 will be \$7.97M, or 9.6% of the total budget.

Capital expenditures totaling \$57.47M were recorded during the fiscal year; this amount includes \$5.92M of encumbrances and \$29.94M of unexpended capital project funds that have been carried forward to FY 2022/23 as provided for in the Riverside Municipal Code.

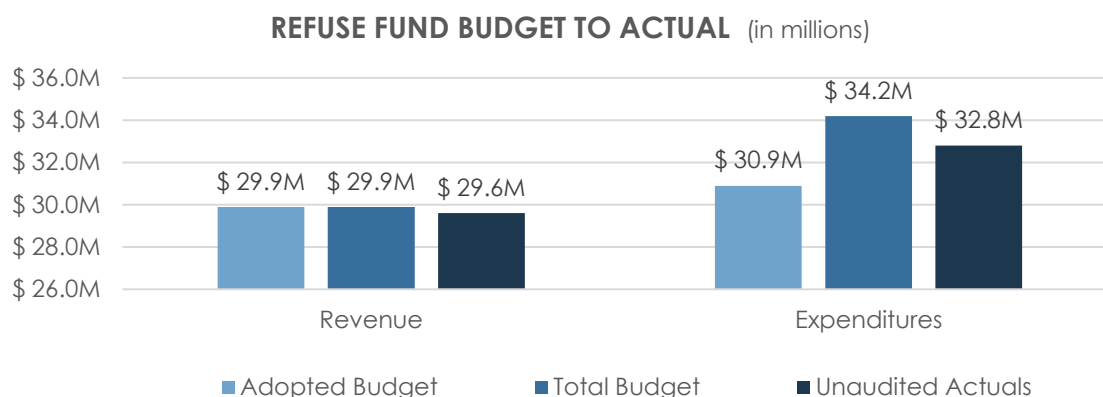
Fund Reserves

The Water Fund is expected to end the fiscal year with reserves within required policy levels; results are pending the completion of the financial audit.

REFUSE FUND

The adopted operating budget for the Refuse Fund projected a draw on fund reserves of \$0.97M due to rising costs outpacing revenues. In addition to the budgeted deficit, the carryover of FY 2020/21 unexpended operating funds totaling \$3.02M in the form of encumbrances and carryovers presented a potential operating loss of \$3.99M in FY 2021/22. Unaudited fiscal year end results present an operating loss of \$3.14M after FY 2021/22 encumbrances and carryovers of \$4.41M.

The Total Budget in the following chart and tables includes the carryover of the previous fiscal year's unexpended funds (\$3.02M) and adjustments to revenue and expenditure budgets made during the normal course of business. Actual expenditures include \$4.41M of outstanding encumbrances and carryovers to reflect budgetary savings.



Revenue

The Solid Waste rate plan adopted by City Council in September 2020 included a Year 2 increase in rates effective July 1, 2021.

FISCAL YEAR OPERATING REVENUE RESULTS

(in millions)	Adopted Budget	Total Budget	Unaudited Actuals	\$ Variance	% Variance
City Service	\$ 15.91	\$ 15.91	\$ 15.66	\$ (0.25)	-1.6%
Contracted Service	6.19	6.19	6.01	(0.18)	-2.9%
Administrative Fees	6.80	6.80	6.90	0.10	1.5%
Street Sweeping Fines	0.91	0.91	1.20	0.29	31.9%
Miscellaneous Revenue	0.08	0.08	(0.16)	(0.24)	-300.0%
Total Revenues	\$ 29.89	\$ 29.89	\$ 29.61	\$ (0.28)	-0.9%

Explanation of Significant Budget Variances

- **Street Sweeping Fines:** This item was budgeted conservatively based on historical trends and ongoing vacancies in the Public Parking Fund. In the third quarter, Public Works hired three Parking Control Representatives, thereby increasing staffing from six to nine, which contributed to the ability to issue more street sweeping citations throughout the remainder of the fiscal year.
- **Miscellaneous Revenue:** The variance in this category is due to a \$0.2M write-down of investments to market value at fiscal year-end.

Expenditures

The FY 2021/22 total expenditure budget for the Refuse Fund is comprised of the adopted budget of \$30.86M; \$3.02M of unexpended funds carried forward from the previous fiscal year; and budget adjustments made during the normal course of business. The following table shows budgetary savings of \$0.72M after \$4.41M of encumbrances and carryovers.

FISCAL YEAR OPERATING EXPENDITURE RESULTS

(in millions)	Adopted Budget	Total Budget	Unaudited Actuals*	\$ Variance	% Variance
Personnel	\$ 6.18	\$ 6.17	\$ 4.40	\$ (1.77)	-28.7%
Non-Personnel	12.77	14.04	14.62	0.58	4.1%
Special Projects	5.71	6.71	6.99	0.28	4.2%
Minor Capital & Equipment	0.88	1.83	1.50	(0.33)	-18.0%
Debt Service	0.38	0.49	0.49	-	0.0%
Charges To/From Others	4.94	4.93	4.75	(0.18)	-3.7%
Total Expenditures & Transfers Out	\$ 30.86	\$ 34.17	\$ 32.75	\$ (0.72)	-4.2%

*Includes \$4.30M in encumbrances recorded as allowed by the Riverside Municipal Code; and \$0.11M in other carryovers recommended for Council approval (refer to Appendix A).

Explanation of Significant Budget Variances

- **Personnel:** Personnel costs were \$1.77M, or 28.7%, less than total budget due to vacancies and attrition. At June 30, 2022, the Refuse Fund had 26.75 FTE vacancies, representing a vacancy rate of 43%.
- **Minor Capital & Equipment:** Savings in this category are due to management of costs to offset other unbudgeted cost increases, such as those impacted by increasing recycling costs and tonnage as well as the impact of State mandates and costs incurred as operations continued to rely on Burrtec Waste Industries for emergency route assistance.

In April 2022, the Public Works Department initiated the emergency services provision of its contract with Burrtec to temporarily provide additional residential solid waste collection services due to extended vacancies in the Solid Waste Division. A combination of the onboarding process for new staff, delayed equipment arrivals, and staffing availability challenges have proven to be impediments to restoring service to pre-pandemic levels. On June 28 and October 18, 2022, staff presented a comprehensive update to the City Council regarding hiring, vacancies, and the state of equipment for the Public Works Solid Waste Division.

Actual operating expenditures at fiscal year-end are \$29.04M before encumbrances and carryovers of \$4.41M. Encumbrances of \$4.30M have been carried forward to FY 2022/23 as provided for in the Riverside Municipal Code. **Staff is requesting Council approval of an additional**



\$0.11M in operating carryovers, detailed in Appendix A of this report. If the carryovers are approved, operating budget savings for FY 2021/22 will be \$1.44M, or 4.2% of the total budget.

Capital expenditures totaling \$0.04M were recorded during the fiscal year; this amount includes \$0.02M of encumbrances that have been carried forward to FY 2022/23 as provided for in the Riverside Municipal Code.

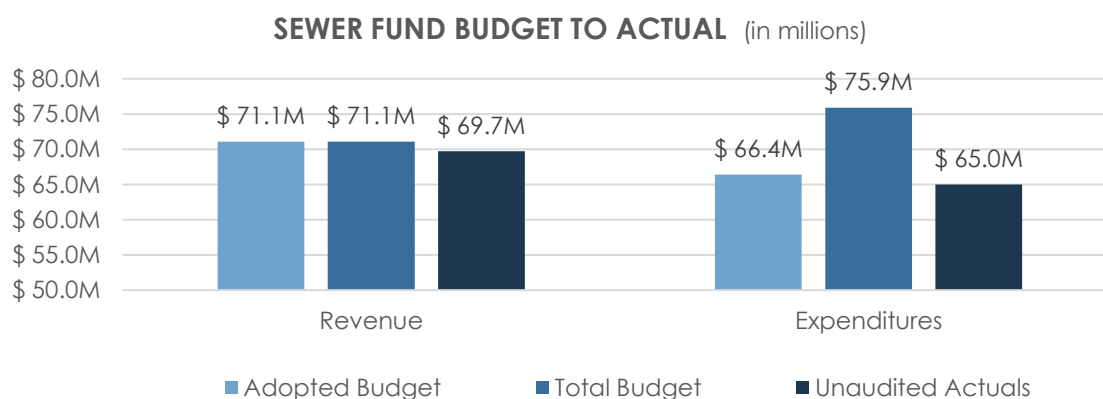
Fund Reserves

The Refuse Fund is projected to end the fiscal year with \$3.33M in fund reserves following an operating loss of \$3.14M.

SEWER FUND

The adopted budget for the Sewer Fund projected a net operating gain of approximately \$4.64M which would be used alongside fund reserves to fund \$22M of planned capital projects included in the FY 2021/22 adopted budget and capital improvement plan. Unaudited fiscal year end results present a budgetary operating gain of \$4.73M after outstanding encumbrances and carryovers of \$10.21M.

The Total Budget in the following chart and tables includes the carryover of the previous fiscal year's unexpended funds (\$3.07M) and adjustments to the revenue and expenditure budgets made during the normal course of business. Actual expenditures include \$10.21M of outstanding encumbrances and carryovers to reflect budgetary savings.



Revenue

Total operating revenues at fiscal year-end are 1.9% (\$1.38M) lower than revenue projections in the adopted budget.

FISCAL YEAR OPERATING REVENUE RESULTS

(in millions)	Adopted Budget	Total Budget	Unaudited Actuals	\$ Variance	% Variance
Residential Rate Revenue	\$ 46.05	\$ 46.05	\$ 46.34	\$ 0.29	0.6%
Commercial Rate Revenue	15.61	15.61	15.88	0.27	1.7%
Wastewater Service Contracts	4.89	4.89	5.45	0.56	11.5%
Miscellaneous Revenue	4.53	4.56	2.03	(2.53)	-55.5%
Total Revenues	\$ 71.08	\$ 71.11	\$ 69.70	\$ (1.41)	-2.0%

Explanation of Significant Budget Variances

- Wastewater Service Contracts:** Revenue from Wastewater Service Contracts with the Rubidoux, Jurupa and Edgemont Community Service areas are \$0.56M, or 11.4%, more than projections primarily due to surcharges resulting from the strength of the wastewater sent to the Water Quality Control Plant.
- Miscellaneous Revenue:** A write-down of investments at fiscal year-end to market value resulted in a \$3.77M revenue reduction, partially offset by higher than anticipated sewer connection fees due to an increase in development activity.

Expenditures

The FY 2021/22 total expenditure budget for the Sewer Fund is comprised of the adopted budget of \$66.44M; \$3.07M of unexpended funds carried forward from the previous fiscal year; and budget adjustments made during the normal course of business. The total adjusted budget for FY 2021/22 is \$75.88M. The following table shows budgetary savings of \$10.91M after \$10.21M of encumbrances and carryovers.

FISCAL YEAR OPERATING EXPENDITURE RESULTS

(in millions)	Adopted Budget	Total Budget	Unaudited Actuals*	\$ Variance	% Variance
Personnel	\$ 15.67	\$ 15.64	\$ 10.20	\$ (5.44)	-34.8%
Non-Personnel	16.50	19.02	16.93	(2.09)	-11.0%
Special Projects	2.21	2.21	2.06	(0.15)	-6.8%
Minor Capital & Equipment	1.68	8.62	7.94	(0.68)	-7.9%
Debt Service	26.54	26.54	24.45	(2.09)	-7.9%
Charges To/From Others	3.84	3.85	3.39	(0.46)	-11.9%
Total Expenditures & Transfers Out	\$ 66.44	\$ 75.88	\$ 64.97	\$ (10.91)	-14.4%

*Includes \$3.76M in encumbrances and \$6.44M in carryovers recorded as allowed by the Riverside Municipal Code; and \$0.01M in other carryovers recommended for Council approval (refer to Appendix A).



Explanation of Significant Budget Variances

- **Personnel:** Personnel costs were \$5.44M, or 34.8%, less than total budget due to vacancies and attrition. At June 30, 2022, the Sewer Fund had 21.00 FTE vacancies, representing a vacancy rate of 18%.
- **Non-Personnel:** Maintenance and repair of equipment and buildings was lower than anticipated, with \$700,000 savings at fiscal year-end. Other major areas of savings occurred in electric utility costs, professional services, and training.
- **Charges To/From Others:** The amount charged to capital projects will vary depending upon project activity.

Actual operating expenditures at fiscal year-end are \$54.76M before encumbrances and carryovers of \$10.21M. Encumbrances of \$3.76M grant carryovers of \$6.44M have been carried forward to FY 2022/23 as provided for in the Riverside Municipal Code. **Staff is requesting Council approval of an additional \$0.01M in operating carryovers**, detailed in Appendix A of this report. If the carryovers are approved, operating budget savings for FY 2021/22 will be \$10.91M, or 14.4% of the total budget.

Capital expenditures totaling \$43.60M were recorded during the fiscal year; this amount includes \$1.72M of encumbrances and \$38.29M of unexpended capital project funds that have been carried forward to FY 2022/23 as provided for in the Riverside Municipal Code.

Fund Reserves

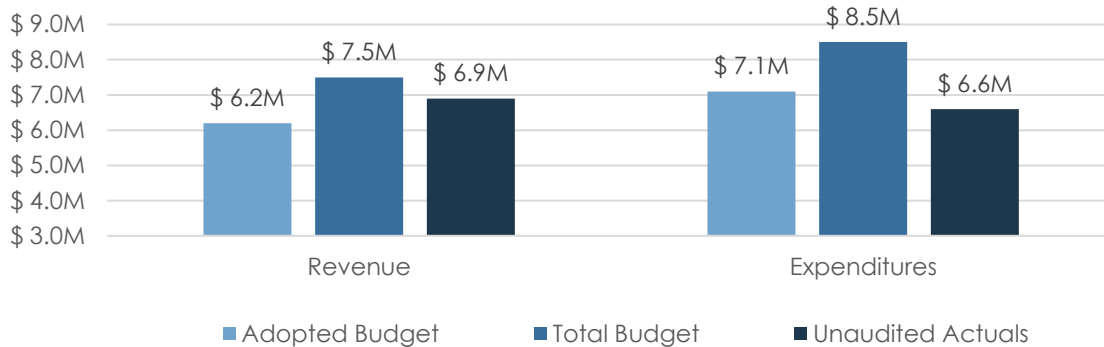
The Sewer Fund is expected to end the fiscal year with \$55.54M in fund reserves following an operating gain of \$4.73M.

PUBLIC PARKING FUND

The Public Parking Fund has been monitored throughout FY 2021/22 as a fund with ongoing financial challenges. Public Parking Fund reserves at the beginning of FY 2021/22 were \$1.57M, or \$0.26M net of prior year encumbrances. The adopted FY 2021/22 budget projected a draw on fund reserves of \$0.92M due to the lingering impacts of the pandemic on parking revenues, maintenance costs of aging infrastructure, and parking fees not keeping pace with operating costs. Unaudited fiscal year end results present a budgetary operating gain of \$0.25M after outstanding encumbrances of \$0.19M.

The Total Budget in the following chart includes the carryover of the previous fiscal year's unexpended funds (\$1.31M) and adjustments to the revenue and expenditure budgets made during the normal course of business. Actual expenditures include \$0.19M of outstanding encumbrances to reflect budgetary savings.

PUBLIC PARKING FUND BUDGET TO ACTUAL (in millions)



Revenue

Total operating revenues at fiscal year-end are 10.6% (\$0.66M) more than revenue projections, entirely attributable to revenue replacement funds from the American Rescue Plan Act.

FISCAL YEAR OPERATING REVENUE RESULTS

(in millions)	Adopted Budget	Unaudited Actuals	\$ Variance	% Variance
User Fees	\$ 5.08	\$ 4.50	\$ (0.58)	-11.4%
Miscellaneous Revenue	1.12	1.05	(0.07)	-5.9%
American Rescue Plan Act Revenue Replacement	-	1.30	1.30	N/A
Total Revenues	\$ 6.20	\$ 6.85	\$ 0.65	10.5%

Explanation of Significant Budget Variances

- **User Fees:** Parking fines are 20% less than projected due to personnel vacancies resulting in reduced parking enforcement activity. Parking revenues also continue to lag due to the ongoing impact of the COVID-19 Pandemic on parking activity and a scaled back Festival of Lights event.
- **American Rescue Plan Act Revenue Replacement:** A \$1.3M American Rescue Plan Act (ARPA) allocation for revenue loss has offset other revenue losses.

Expenditures

The FY 2021/22 total expenditure budget for the Public Parking Fund is comprised of the adopted budget of \$7.12M; \$1.31M of unexpended funds carried forward from the previous fiscal year; and budget adjustments made during the normal course of business. The total adjusted budget for FY 2021/22 is \$8.46M. The following table shows budgetary savings of \$1.86M after \$0.19M of encumbrances and carryovers.

FISCAL YEAR OPERATING EXPENDITURE RESULTS

(in millions)	Adopted Budget	Total Budget	Unaudited Actuals*	\$ Variance	% Variance
Personnel	\$ 1.35	\$ 1.35	\$ 0.80	\$ (0.55)	-40.7%
Non-Personnel	4.27	4.73	3.44	(1.29)	-27.3%
Equipment Outlay	-	0.88	0.88	-	0.0%
Debt Service	1.76	1.76	1.75	(0.01)	-0.6%
Charges To/From Others	(0.26)	(0.26)	(0.27)	(0.01)	3.8%
Total Expenditures & Transfers Out	\$ 7.12	\$ 8.46	\$ 6.60	\$ (1.86)	-22.0%

*Includes \$0.19M in encumbrances recorded as allowed by the Riverside Municipal Code.

Explanation of Significant Budget Variances

- **Personnel:** Personnel costs were \$0.55M, or 40.4%, less than total budget due to vacancies and attrition. At June 30, 2022, the Public Parking Fund had 5.00 FTE vacancies, representing a vacancy rate of 28%.
- **Non-Personnel:** Much of the savings in the Non-Personnel category is due to professional services (\$0.89M savings). In the third quarter, Public Works switched from Republic Parking Services to Parking Concepts, Inc. for parking management services, which resulted in \$0.44M in savings. Court fees for parking citations were \$0.35M lower-than-budget due to vacancies adversely impacting the ability to issue parking citations. Maintenance of Garage 3 did not occur as planned, which resulted in \$0.32M in savings to offset lagging revenues.

Actual operating expenditures at fiscal year-end are \$6.42M before encumbrances of \$0.19M. Encumbrances of \$0.19M have been carried forward to FY 2022/23 as provided for in the Riverside Municipal Code.

Subsequent Event

On February 15, 2022, the City Council adopted revised parking rates and hours, and approved moving forward with a Parking Access and Revenue Control System (PARCS) contract. On July 19, 2022, the City Council engaged staff in a discussion of the impacts of the Parking Ecosystem Sustainability Plan (PESP) on the Public Parking program and, in response to community feedback, ultimately directed staff through a motion to reinstate the parking program rates and hours of operation in place prior to July 1, 2022. Immediately following the City Council meeting, staff began addressing everything tied to the rescinded parking rates and hour schedule such as garage and street signage, mobile apps, meter and garage rates, monthly permit fees, parking website, and updating the Five-Year Financial Plan.

Fund Reserves

Following a FY 2021/22 net gain of \$0.25M, the Public Parking Fund is expected to end the fiscal year with \$1.81M in fund reserves, inclusive of ARPA revenue replacement funds of \$1.3M.

CONVENTION CENTER, ENTERTAINMENT AND CHEECH MARIN CENTER FUNDS

The General Fund subsidizes 100% of the debt obligations of the Convention Center and Entertainment funds, as well as net operating deficits of the Convention Center, Sports Commission, Riverside Visitor's Bureau (RVB), Fox Theater, Box Theater, Municipal Auditorium, and the Cheech Marin Center. In January 2022, the City Council approved an increase in the General Fund Subsidy for these funds totaling \$2.9M based on operating activity to date and the continued impact of the COVID-19 pandemic on tourism.

Convention Center Fund

The Convention Center Fund, which tracks the activities of the Convention Center, Sports Commission, and Riverside Visitor's Bureau, is continuing to experience impacts from the COVID-19 Pandemic with shortfalls requiring increased subsidies from the General Fund. The estimated required subsidy was increased by \$1.8M (38%) in January 2022 based on activity to date but required an additional \$0.4M subsidy at fiscal year-end to offset operating losses of \$3.95M and debt service costs of \$3.03M. The Convention Center recorded an operating loss of \$2.15M; the Sports Commission and Riverside Visitor's Bureau, which are reported together, recorded an operating loss of \$1.8M.

FISCAL YEAR RESULTS

(in millions)	Adopted Budget	Total Budget	Unaudited Actuals	\$ Variance	% Variance
Operating Revenue	\$ 11.04	\$ 11.04	\$ 5.61	\$ (5.43)	-49.2%
General Fund Subsidy	4.82	6.66	6.98	0.32	4.8%
Total Revenue and Subsidy	\$ 15.86	\$ 17.70	\$ 12.59	\$ (5.11)	-28.9%
Operating Expenses	\$ 12.81	\$ 12.81	\$ 9.56	\$ (3.25)	-25.4%
Debt Service	3.05	3.05	3.03	(0.02)	-0.7%
Total Expenses	\$ 15.86	\$ 15.86	\$ 12.59	\$ 3.27	-20.6%
Actual Net Gain / (Loss)			\$ -		

Entertainment Fund

The Entertainment Fund includes the Fox Theater, The Box, and the Riverside Municipal Auditorium. The estimated required subsidy was increased by \$1.08M (29%) in January 2022 based on activity to date but required \$0.62M less than budgeted. The Fox Theater received a Shuttered Venue Operator Grant totaling \$3.48 million. The grant amount will be used to offset the venue's operating losses, and the excess FY 2021/22 General Fund subsidy will remain intact in the fund to address the critical unfunded capital maintenance needs of the Fox Theater. The amount available for future capital needs of the Fox Theater is \$3.48M.

FISCAL YEAR RESULTS BY VENUE

(in millions)	Fox Theater	The Box	Municipal Auditorium	Total
Operating Revenue	\$ 3.49	\$ 0.01	\$ 2.82	\$ 6.32
Grant Revenue	3.48	-	-	3.48
General Fund Subsidy	3.01	0.87	0.26	4.14
Total Revenues and Subsidy	\$ 9.98	\$ 0.88	\$ 3.08	\$ 13.94
Operating Expenses	\$ 2.96	\$ 0.13	\$ 3.06	\$ 6.15
Debt Service	3.41	0.75	0.02	4.18
Total Expenses	\$ 6.37	\$ 0.88	\$ 3.08	\$ 10.33
Net Amount	\$ 3.61	\$ -	\$ -	\$ 3.61

Excluding the grant, the actual fund results are shown in the following table. Fox Theater operating revenues exceeded operating costs by \$530,000; The Box recorded an operating loss of \$120,000, and the Municipal Auditorium recorded an operating loss of \$240,000.

FISCAL YEAR RESULTS

(in millions)	Adopted Budget	Total Budget	Unaudited Actuals	\$ Variance	% Variance
Operating Revenue	\$ 7.41	\$ 7.41	\$ 6.26	\$ (1.15)	-15.5%
General Fund Subsidy	3.67	4.75	4.13	(0.62)	-13.1%
Total Revenue and Subsidy	\$ 11.08	\$ 12.17	\$ 10.40	\$ (1.77)	-14.6%
Operating Expenses	\$ 7.94	\$ 7.97	\$ 5.04	\$ 2.93	36.8%
Debt Service	3.14	3.14	2.98	0.16	5.1%
Total Expenses	\$ 11.08	\$ 11.11	\$ 8.02	\$ 3.09	27.8%
Actual Net Gain / (Loss)			\$ 2.37		

Cheech Marin Center

The Cheech Marin Center opened in June 2022, slightly later than anticipated and budgeted for. Operating expenses occurred throughout the fiscal year and management fee costs began in May 2022. The Cheech posted a net operating loss of \$0.17M for the fiscal year which was covered by a General Fund subsidy.

FISCAL YEAR RESULTS

(in millions)	Adopted Budget	Total Budget	Unaudited Actuals	\$ Variance	% Variance
Operating Revenue	\$ 0.13	\$ 0.13	\$ 0.08	\$ (0.05)	-38.5%
General Fund Subsidy	0.34	0.34	0.17	(0.17)	-50.0%
Total Revenue and Subsidy	\$ 0.47	\$ 0.47	\$ 0.25	\$ (0.22)	-46.8%
Operating Expenses	\$ 0.47	\$ 0.47	\$ 0.25	\$ 0.22	46.8%
Total Expenses	\$ 0.47	\$ 0.47	\$ 0.25	\$ 0.22	46.8%
Actual Net Gain / (Loss)			\$ -		

APPENDIX A – CARRYOVER RECOMMENDATIONS

Restricted Carryovers represent appropriations of funding designated for a specific use per a third-party agreement, including donations, endowments, and grant matches.

Discretionary Carryovers include amounts appropriated for a specific purpose in previous periods, but unexpended due to timing or for other reasons. Discretionary carryovers may also include a reallocation of amounts from their original purpose to a new purpose, which was not funded in the adopted budget due to budget constraints.

CARRYOVER SUMMARY BY FUND

	Restricted	Discretionary	Total
General Fund	\$ 890,184	\$ 2,442,594	\$ 3,332,778
Measure Z Fund	-	16,472,798	16,472,798
Grants and Restricted Programs Fund	2,251,839	-	2,251,839
Gas Tax Fund	-	338,490	338,490
Housing Authority Fund	541,559	-	541,559
Special Districts Fund	275,369	-	275,369
Storm Drain Fund	46,859	-	46,859
Regional Park Special Capital Fund	59,696	-	59,696
Measure A Fund	-	2,433,909	2,433,909
Redevelopment Successor Agency 2007 Bonds Fund	634,898	-	634,898
Electric Fund	-	9,154,491	9,154,491
Electric Public Benefits Programs Fund	-	5,371,501	5,371,501
Water Fund	-	965,891	965,891
Water Conservation Fund	-	266,637	266,637
Refuse Fund	-	113,812	113,812
Sewer Fund	9,991	6,722	16,713
Convention Center Fund	-	98,595	98,595
Central Stores Fund	-	58,205	58,205
CFD 90-1-Highlander Fund	191,816	-	191,816
Total Recommended Carryovers	\$ 4,902,211	\$ 37,723,645	\$ 42,625,856

101 - GENERAL FUND

Department	Description	Amount
Restricted		
Cmmtly & Econ Dev	Donations for Hulen Pet Shelter	\$ 518.75
Cmmtly & Econ Dev	Homeless Campus (Department of Public Social Services)	411,676.80
Cmmtly & Econ Dev	SB-1186 Certified Access Specialist Training	274,655.47
Cmmtly & Econ Dev	Seismic Education Training & Supplies	5,197.35
Fire	Paramedic Program Equipment	46,277.60
Museum	Donated funds for California Naturalist Classes	2,340.96
Museum	Endowment Fund for Botany Exhibit	67,401.49
Parks	Maintenance Endowment Fund	15,650.50
Police	Riverside Reward Program	10,000.00
Police	Evidence Trust Funds – Renovation of Police Facilities	56,465.52
Total Restricted		\$ 890,184.44
Discretionary		
City Clerk	Redistricting Costs	\$ 237,472.50
Cmmtly & Econ Dev	Improvements to Computronix to Enhance Customer Service	154,445.43
Cmmtly & Econ Dev	Northside Heritage Meadows Project	22,177.00
Cmmtly & Econ Dev	Festival of Lights	445,218.83
Cmmtly & Econ Dev	Cannabis Commercial Use	100,000.00
Cmmtly & Econ Dev	Innovation District	163,000.00
Finance	Priority Based Budgeting Contract	46,000.00
Finance	Payment Card Industry (PCI) Compliance Audit	50,000.00
Human Resources	City-Wide Employee Training	211,798.55
Human Resources	Education Reimbursement	40,000.00
Human Resources	Labor Negotiations	182,488.00
Innovation & Tech	Internal Service Fund Feasibility Study	89,715.34
Innovation & Tech	Conference Room Upgrades	40,000.00
Innovation & Tech	Additional Microsoft Office 365 Government Level 3 Licenses	34,300.00
Library	SBCERA ILS Pension Liability	12,025.22
Library	Security Guards	510,000.00
Museum	Heritage House Projects	39,903.00
Museum	Tourism, Marketing and Promotion (Museum Rebranding)	14,050.00
Museum	Museum's 100-Year Anniversary Exhibition	50,000.00
Total Discretionary		\$ 2,442,593.87
Total Carryover Recommendations – General Fund		\$ 3,332,778.31

110 - MEASURE Z

Department	Spending Item & Description	Amount
Discretionary		
Cmmtly & Econ Dev	#19 - General Plan Update	\$ 4,221,782.61
Cmmtly & Econ Dev	#20 - Homeless Services	621,702.91

110 - MEASURE Z

Department	Spending Item & Description	Amount
Fire	#14 - Fire Vehicle Replacement (Cash Funding)	1,895,942.30
General Services	#28 - Annual Deferred Maintenance	105,507.37
Innovation & Tech	#33 - Technology Improvements	2,068,011.39
Police	#7 – Police Officer Lateral Hire Incentives and Recruitment Costs	153,143.59
Police	#12 - Police Vehicle Replacement and Maintenance Plan	863,791.70
Police	#46 - Park and Neighborhood Specialist (PANS) Program	102,980.47
Police	#47 - Police Helicopter Capital Lease	2,463,023.83
Public Works	#30 - Tree Trimming	5,415.00
Multiple	#39 - Public Safety & Engagement Team (Urban)	3,971,497.26
Total Discretionary		\$ 16,472,798.43
Total Carryover Recommendations – Measure Z		\$ 16,472,798.43

215 - GRANTS AND RESTRICTED PROGRAMS

Department	Spending Item & Description	Amount
Restricted		
City Manager	PEG (Public, Educational, or Governmental Access)	\$ 200,254.34
CEDD	Donations for Pallet Shelter	6,000.00
CEDD	Downtown Safety Ambassador Program	65,490.34
CEDD	Hulen Campus Rehab Sponsorship	16,225.00
Human Resources	Donations for the Wellness Program	56,671.76
Fire	Certified Unified Program Agencies (CUPA)	910,491.00
Fire	CFFJAC Firefighter Joint Apprentice	45,663.93
Fire	Rancho Santiago/Riverside Community College Moreno Valley Inter-Agency Instructional Services Agreement	44,001.10
Fire	California Fire and Rescue Training Authority Task Force Mobilization Training	140,861.39
Library	Donations, Gifts, and Trust Funds	33,805.21
Library	Donations, Gifts, and Trust Funds	40,673.36
Museum	Donations from The Riverside Museum Associates for Museum Projects	15,339.00
Parks	Donations from LA84 Foundation for Learn-to-Swim Lessons	2,100.39
Police	Asset Forfeiture	668,307.83
Police	Donation for Shop With a Cop	3,000.00
Police	Donations for the Night Out Event	2,954.51
Total Restricted		\$ 2,251,839.16
Total Carryover Recommendations – Grants and Restricted Programs		\$ 2,251,839.16

230 – GAS TAX

Department	Spending Item & Description	Amount
Discretionary		
Public Works	Pavement Management Program	\$ 21,935.36
Public Works	Railroad Project Management	316,440.29
Public Works	Surplus Property Disposal	114.51
Total Discretionary		\$ 338,490.16
Total Carryover Recommendations – Gas Tax		\$ 338,490.16

280 – HOUSING AUTHORITY

Department	Spending Item & Description	Amount
Restricted		
Cmmty & Econ Dev	Housing Authority Projects (Multiple)	\$ 541,558.85
Total Restricted		\$ 541,558.85
Total Carryover Recommendations – Housing Authority		\$ 541,558.85

291 – SPECIAL DISTRICTS

Department	Spending Item & Description	Amount
Restricted		
Parks & Recreation	Loving Homes Landscape Maintenance District	\$ 19,141.50
Parks & Recreation	Village at Canyon Crest Landscape Maintenance District	256,227.66
Total Restricted		\$ 275,369.16
Total Carryover Recommendations – Special Districts		\$ 275,369.16

410 – STORM DRAIN

Department	Spending Item & Description	Amount
Restricted		
Public Works	Sycamore Canyon Business Park Habitat Restoration	\$ 5,497.82
Public Works	Miscellaneous Drainage Studies	41,361.10
Total Restricted		\$ 46,858.92
Total Carryover Recommendations – Storm Drain		\$ 46,858.92

413 – REGIONAL PARK SPECIAL CAPITAL FUND

Department	Spending Item & Description	Amount
Restricted		
Parks	Sycamore Canyon Trail Development	\$ 59,696.22
Total Restricted		\$ 59,696.22
Total Carryover Recommendations – Regional Park Special Capital Fund		\$ 59,696.22

432 – MEASURE A

Department	Spending Item & Description	Amount
Discretionary		
Public Works	Pavement Management System	\$ 102,396.94
Public Works	Planning and Investigations	373,414.51
Public Works	Railroad Project Management	1,913,200.28
Public Works	Transportation Planning	19,257.66
Public Works	Railroad Quiet Zone Maintenance	25,639.14
Total Discretionary		\$ 2,433,908.53
Total Carryover Recommendations – Measure A		\$ 2,433,908.53

480 - REDEVELOPMENT SUCCESSOR AGENCY 2007 BONDS

Department	Spending Item & Description	Amount
Restricted		
Cmmt & Econ Dev	Villegas Park Brown Room Renovation	\$ 51,996.86
Cmmt & Econ Dev	Unprogrammed 2007 Taxable Bonds	527,915.89
Cmmt & Econ Dev	Villegas Park Construction	54,034.39
Cmmt & Econ Dev	Ward 3 Street Improvements	950.57
Total Restricted		\$ 634,897.71
Total Carryover Recommendations – Redevelopment Successor Agency 2007 Bonds		\$ 634,897.71

510 - ELECTRIC

Department	Spending Item & Description	Amount
Discretionary		
RPU - Administration	Advance Metering Infrastructure (AMI) Project	\$ 1,738,119.78
RPU - Administration	Customer Information System (CIS) Disaster Recovery Project	1,833,533.00
RPU - Administration	Upgrade Itron Meter Reading Software Solution (MVRs) to Itron Field Collection System (FCS)	56,000.00
RPU - Administration	311 Upgrade Project	282,740.00
RPU - Administration	Mission Square and Utilities Operations Center (UOC) Compliance Upgrades	150,000.00
RPU - Administration	Mission Square Heating and Air Conditioning (HVAC) Improvements	1,500,000.00
RPU - Administration	Mission Square Roof Replacement	500,000.00

510 - ELECTRIC

Department	Spending Item & Description	Amount
RPU - Administration	Mission Square Outdoor Concourse Improvements	319,976.00
RPU - Administration	Proportional Share of Measure Z Technology Projects	877,172.26
RPU - Administration	Electric Fund Cost of Service Analysis (COSA)	108,154.92
RPU - Administration	Workforce Development (WFD) Internal Training	175,000.00
RPU - Electric	Vehicle Capital Leases	240,000.00
RPU - Electric	Integrated Resource Plan 2023	244,430.75
RPU - Electric	Utility Line Clearance and Vegetation Management	56,233.81
RPU - Electric	Vehicles Delayed from Terex due to COVID-19	121,636.25
RPU - Electric	Work and Asset Management Optimization Project - Phase 1	233,381.00
RPU - Electric	National Joint Apprenticeship and Training Committee (NJATC) Training for Linework Power Line Technicians (PLT)	164,197.28
RPU - Electric	Electric Vehicle Lease Extension	553,916.26
Total Discretionary		\$ 9,154,491.31
Total Carryover Recommendations – Electric		\$ 9,154,491.31

511 – ELECTRIC PUBLIC BENEFITS PROGRAM

Department	Spending Item & Description	Amount
Discretionary		
RPU - Administration	Emergency Recovery Assistance Program (ERAP) in Response to COVID-19	\$ 2,871,500.68
RPU - Administration	Replacement of Inefficient Lighting at Commercial Sites	1,250,000.00
RPU - Administration	Implement Energy Efficient Measures at Medium and Small Sized Businesses	1,250,000.00
Total Discretionary		\$ 5,371,500.68
Total Carryover Recommendations – Electric Public Benefits Program		\$ 5,371,500.68

520 - WATER

Department	Spending Item & Description	Amount
Discretionary		
RPU - Water	Advance Metering Infrastructure (AMI) Project	\$ 635,369.08
RPU - Water	Water Fund's Portion of Measure Z Technology Projects	330,521.85
Total Discretionary		\$ 965,890.93
Total Carryover Recommendations – Water		\$ 965,890.93

521 – WATER CONSERVATION

Department	Spending Item & Description	Amount
Discretionary		
RPU - Water	Water Energy Community Action Network's Turf Removal Program	\$ 22,209.00
RPU - Water	Proportional Share of Measure Z Technology Projects	23,644.00
RPU - Water	Water Conservation Surcharge Programs Enhancements	220,784.00
Total Discretionary		\$ 266,637.00
Total Carryover Recommendations – Water Conservation		\$ 266,637.00

540- REFUSE

Department	Spending Item & Description	Amount
Discretionary		
Public Works	Tequesquite Blower Project for Gas Collection	\$ 113,812.00
Total Discretionary		\$ 113,812.00
Total Carryover Recommendations – Refuse		\$ 113,812.00

550 – SEWER

Department	Spending Item & Description	Amount
Discretionary		
Public Works	Agricultural Park Clean-Up	\$ 6,722.19
Total Discretionary		\$ 6,722.19
Restricted		
Public Works	University of California Riverside (UCR) Wastewater Study	\$ 9,990.65
Total Restricted		\$ 9,990.65
Total Carryover Recommendations – Sewer		\$ 16,712.84

580 – CONVENTION CENTER

Department	Spending Item & Description	Amount
Discretionary		
General Services	Convention Center Capital Projects	\$ 98,595.00
Total Discretionary		\$ 98,595.00
Total Carryover Recommendations – Convention Center		\$ 98,595.00

640 - CENTRAL STORES

Department	Spending Item & Description	Amount
Discretionary		
Finance	Central Stores Inventory Vending Machine and Barcode Scanning System	\$ 58,205.36
Total Discretionary		\$ 58,205.36
Total Carryover Recommendations – Central Stores		\$ 58,205.36

753 – CFD 90-1-HIGHLANDER

Department	Spending Item & Description	Amount
Restricted		
Finance	Community Facilities District 90-1 Irrigation Maintenance	\$ 191,816.00
Total Restricted		\$ 191,816.00
Total Carryover Recommendations – CFD 90-1 – Highlander		\$ 191,816.00

APPENDIX B – MEASURE Z SPENDING PLAN

Spending Items	Actual FY 2016/17	Actual FY 2017/18	Actual FY 2018/19	Actual FY 2019/20	Actual FY 2020/21	Actual FY 2021/22	Carryover FY 2021/22
REVENUE							
Transaction & Use Tax	\$ 12,605,474	\$ 56,201,937	\$ 62,283,444	\$ 62,380,085	\$ 71,999,092	\$ 83,156,696	\$ -
Interest Earnings	954	35,265	532,684	755,392	654,898	752,491	-
Total Revenues	\$ 12,606,428	\$ 56,237,202	\$ 62,816,128	\$ 63,135,477	\$ 72,653,990	\$ 83,909,187	\$ -
EXPENDITURES							
1 20% General Fund Reserve	\$ 5,549,224	\$ 15,000,000	\$ -	\$ -	\$ -	\$ -	\$ -
2 Payoff of the Balloon \$32 million Pension Obligation Bond	-	1,706,290	1,673,554	1,674,490	1,674,500	1,679,490	-
3 Funding for Workers' Compensation and General Liability	-	2,500,000	2,500,000	-	-	-	-
4 Measure Z Spending Contingency - General Fund Balancing Measure	-	-	-	-	-	-	-
5 Additional Sworn Police Positions	-	2,671,321	5,588,853	7,639,210	10,163,726	10,745,658	2,838
6 Public Safety Non-Sworn Positions and Recruitment Costs	-	450,833	795,676	877,104	913,458	897,576	-
7 Police Officer Lateral Hire Incentives and Recruitment Costs	-	-	30,049	9,994	300	46,856	153,144
8 Additional Public Safety Dispatchers	-	254,112	477,694	566,809	656,263	857,136	-
9 Maintain Firefighter Staffing Level	448,496	838,478	992,571	1,291,460	1,406,709	4,137,516	-
10 Reinstatement of Fire Captains (Training and Arson)	1,504	522,192	559,538	556,919	469,733	507,235	-
11 Reinstatement of Fire Battalion Chief	-	355,402	368,948	390,025	611,747	396,056	-
12 Revised Police Vehicle Replacement and Maintenance Plan	-	2,434,081	1,738,555	1,199,786	627,585	3,735,056	1,251,990
13 Refurbish Police Vehicle (Pilot Program)	-	50,000	-	-	-	-	-
14 Fire Vehicle Replacement and Maintenance Plan	-	823,208	1,607,452	3,143,742	2,521,600	1,572,275	2,106,437
15 Fleet Facility Capital Repairs	-	100,000	-	-	-	-	-
16 Additional Fleet Mechanics for Police Department	-	176,329	173,230	202,610	219,713	225,454	-
17 Additional Fleet Mechanics for Fire Department	-	184,275	221,068	231,352	237,262	244,309	-

	Spending Items	Actual FY 2016/17	Actual FY 2017/18	Actual FY 2018/19	Actual FY 2019/20	Actual FY 2020/21	Actual FY 2021/22	Carryover FY 2021/22
18	General Fund Support - Maintain Existing Services	3,939,526	5,482,007	13,238,623	18,266,026	18,266,026	18,266,026	-
19	General Plan Update (Includes Zoning Changes)	-	-	33,419	9,525	300,069	37,534	4,619,453
20	Homeless Services	-	8,775	184,619	528,954	4,197	693,012	1,080,444
21	Principal Management Analyst - City Manager's Office	-	108,724	148,684	161,803	175,948	180,941	-
22	Budget Engagement Commission Support	4,311	10,280	27,000	8,365	23,364	15,648	600
23	New Downtown Main Library & Archives	8,479	1,541,139	3,386,205	5,119,500	(434,155)	2,751,200	-
24	Eastside Library Site Selection	-	-	-	-	18,900	75,600	5,500
25	New Police Headquarters	-	-	-	26,394	43,556	-	26,003
26	Museum Expansion and Rehabilitation	-	-	-	89,053	175	-	9,991
27	New Downtown Parking Garage	-	-	-	-	-	-	-
28	Annual Deferred Maintenance (Existing Facilities)	-	458,210	1,111,923	1,025,461	838,450	959,363	606,593
29	Maximize Roads/Streets (Pavement Condition Index)	-	58,482	2,276,844	460,494	4,825,070	12,974,269	10,279,842
30	Tree Trimming	-	114,807	890,259	2,018,472	994,585	983,450	21,965
31	Ward Action Team - City Attorney's Office	21,907	173,578	263,704	295,205	303,967	326,426	-
32	Ward Action Team - City Manager's Office	-	-	-	-	-	-	-
33	Technology Improvements	-	112,288	433,629	679,248	2,792,116	1,686,690	3,295,807
34	4-Person Staffing on Fire Trucks	-	-	202,119	1,284,098	1,244,499	1,006,903	41,769
35	Fire Equipment and One-Time Operating Needs	-	-	60,473	64,019	52,466	89,769	-
36	Fire Radios	-	-	1,931,769	45,920	-	-	-
37	Recreation – Summer Pools	-	-	50,000	50,000	-	3,006	-
38	Bourns Family Youth Innovation Center – Furnishing & Operating Costs	-	-	-	183,961	49,536	342,145	-
39	Public Safety & Engagement Team Program (PSET) – Urban	-	-	21,691	1,226,821	1,518,578	1,126,665	4,827,874
40	Library Security Guards	-	-	-	121,809	339,822	380,393	-

Spending Items	Actual FY 2016/17	Actual FY 2017/18	Actual FY 2018/19	Actual FY 2019/20	Actual FY 2020/21	Actual FY 2021/22	Carryover FY 2021/22
41 Homeless Temporary Housing	-	-	-	112,204	(112,204)	-	-
42 Orangecrest Fire Station Dormitory Improvements	-	-	-	427	108,384	-	-
43 Public Works Streets Vehicle & Equipment Needs	-	-	-	-	-	-	2,000,000
44 Parks, Recreation & Community Services Infrastructure, Vehicles, and Equipment	-	-	-	-	-	11,735	1,963,663
45 Motorhome Removal & Disposal	-	-	-	-	-	5,000	1,500
46 Park and Neighborhood Safety Specialist (PANSS) Program	-	-	-	-	-	493,808	139,150
47 Police Helicopter Capital Lease	-	-	-	-	-	405,226	16,616,788
Total Expenditures	\$ 9,973,447	\$ 36,134,811	\$ 40,988,149	\$ 49,561,260	\$ 50,855,945	\$ 67,859,426	\$ 49,051,350
Five-Year Financial Plan Surplus/(Deficit)	\$ 2,632,981	\$ 20,102,391	\$ 21,827,979	\$ 13,574,217	\$ 21,798,045	\$ 16,049,761	\$ (49,051,350)
FUND RESERVES							
Beginning Measure Z Unallocated Fund Reserves	\$ -	\$ 2,632,981	\$ 22,735,372	\$ 39,563,351	\$ 53,137,568	\$ 74,935,613	\$ 90,985,374
Five-Year Financial Plan Surplus/(Deficit)	2,632,981	20,102,391	21,827,979	13,574,217	21,798,045	16,049,761	(49,051,350)
Permanent Policy Reserve Set-Aside	(5,000,000)						
Ending Measure Z Unallocated Fund Reserves	\$ 2,632,981	\$ 22,735,372	\$ 39,563,351	\$ 53,137,568	\$ 74,935,613	\$ 90,985,374	\$ 41,934,024

The Measure Z Reserve Policy adopted by City Council on April 2, 2019, requires a minimum \$5M contingency reserve level. This amount was removed from unallocated fund reserves in 2019 and is held intact, separately of unallocated reserves reported in the Spending Plan.