



*City of Arts & Innovation*

# Budget Engagement Commission

**TO: HONORABLE COMMISSIONERS**

**DATE: AUGUST 10, 2023**

**FROM: FINANCE DEPARTMENT**

**WARDS: ALL**

**SUBJECT: MEASURE Z SPENDING PLAN OVERVIEW**

## **ISSUE:**

Receive and provide input on the Measure Z Spending plan and make recommendations to Council related to Measure Z spending priorities, strategies, and spending items.

## **RECOMMENDATIONS:**

That the Budget Engagement Commission:

1. Receive and provide input on the Measure Z Spending Plan; and
2. Specify recommendations for City Council consideration related to Measure Z Spending priorities, strategies, and spending items.

## **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 an almost 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

At the June 8, 2023, BEC meeting, Commissioners requested a report on two aspects of the Measure Z Spending Plan:

1. New Spending items added during the FY 2022-2024 Biennial Budget; and
2. Spending items aligned with “senior/disabled services” as included in the ballot language.

## **DISCUSSION:**

### **FY 2022-2024 Biennial Budget**

On May 3, 2022, the City Council directed incorporation of the following new or revised spending initiatives into the proposed 2022-2024 biennial budget:

- **Spending Item #25 - New Police Headquarters:** Increase total project cost to \$44 million; the spending plan was updated to reflect estimated annual debt obligations for a debt issuance of \$44 million in late FY 2022/23. While the Finance Department plans accordingly for the potential timing of debt obligations in the Measure Z Spending Plan, the actual funding mechanism of the capital project and date of debt issuance is dependent upon numerous factors, including project status and timeline, and market conditions affecting financing options.
- **Spending Item #28 - Annual Deferred Maintenance (Existing Facilities):** Add \$500,000 annually for the maintenance of City facilities.
- **Spending Item #29 - Maximize Roads/Streets (Pavement Condition Index):** Add \$8 million annually. As of May 2022, City’s Pavement Condition Index (PCI) score was 61. This additional funding will have a positive impact on pavement maintenance and overall PCI score, likely increasing it by 2-3 points and reducing the number of streets rated as “Poor” and “Very Poor”.
- **Spending Item #30 - Tree Trimming:** Add \$2,500,000 for five years to accelerate the trimming cycle for street trees and include tree trimming in City parks and the planting of new or replacement trees throughout the City.
- **Spending Item #39 - Public Safety & Engagement Team Program (PSET) – Urban:** Expand the existing PSET program to add 15.0 full-time equivalents (FTEs) plus non-personnel costs of approximately \$529,000 annually, for a total increase of \$2,038,405 in FY 2022/23 and \$1,959,730 in FY 2023/24. Expansion of staffing levels and resources will provide for increased outreach and engagement of homeless individuals in all Wards to seven days a week while also addressing issues of unlawful panhandling, camping, abandoned personal belongings and vagrancy. Resources will also support cleanup and mitigation of sites prone to homeless encampments, including weed abatement and preventative maintenance.

- **Spending Item #48 - Office of Homeless Solutions Expansion:** Add 2.0 FTE to support program objectives and enhance services with a fiscal impact of \$157,307 in FY 2022/23 and \$162,479 in FY 2023/24.
- **Spending Item #49 - Public Safety & Engagement Team Program (PSET) – Wildlands:** A new spending item that includes 28.0 new FTEs plus non-personnel costs of approximately \$1.39 million annually, for a total budget of \$5,859,685 in FY 2022/23 and \$4,633,429 in FY 2023/24. This team will implement and enforce the anti-camping Ordinance for City-wide environmentally sensitive and hazardous lands. This team will also be charged with returning environmentally sensitive and hazardous areas to their natural states during the first two years of the program. In addition, this team will provide homeless encampment clean-up, outreach services, and homeless engagement resources in Riverside's wildland areas, including, but not limited to, the Santa Ana River, Sycamore Canyon Wilderness Park, Hole Lake, and other areas.
- **Spending Item #50 - Public Safety Enterprise Communication System (PSEC) Radios:** Critical unfunded need for ongoing maintenance costs of PSEC radios with a fiscal impact of \$343,438 annually for four years; this cost was previously funded with one-time funding sources but requires a reliable funding source.
- **Spending Item #51 - Office of Sustainability:** A new spending item which includes 1.0 new FTE plus annual non-personnel costs of \$200,000, for a total budget of \$391,293 in FY 2022/23 and \$398,636 in FY 2023/24. The establishment of the Office of Sustainability will serve as a catalyst to embed sustainability tenets across the City organization to better accomplish City Council strategic priorities, goals, and desired outcomes.
- **Spending Item #52 - Sidewalk Repair:** A new spending item with a fiscal impact of \$600,000 annually, to augment the City's current budget of \$300,000. The additional funding will help the Public Works Department to be more responsive to sidewalk concerns and repairs.

The fiscal impact of the new spending initiatives is approximately \$100 million over the five years spanning FY 2022/23 through FY 2026/27:

MEASURE Z – NEW ALLOCATIONS IN ORIGINALLY ADOPTED BUDGET						
Spending Item	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27	Total
#25 - RPD Headquarters (Increase)	\$ -	\$ 1,237,977	\$ 1,282,282	\$ 1,318,087	\$ 1,345,392	\$ 5,183,738
#28 - Annual Deferred Maintenance	500,000	500,000	500,000	500,000	500,000	2,500,000
#29 - Maximize Roads/Streets	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	40,000,000
#30 - Tree Trimming	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	12,500,000
#39 - Public Safety & Engagement Team Program (PSET) – Urban	412,269	1,834,571	1,681,847	1,922,940	2,194,920	8,046,547
#48 - Office of Homeless Solutions Expansion	157,307	162,479	168,518	174,961	181,727	844,992
#49 - PSET – Wildlands	5,859,685	4,633,429	4,750,315	4,853,583	4,865,277	24,962,289
#50 - Public Safety Enterprise Communication System Radios	343,438	343,438	343,438	343,438	-	1,373,752
#51 - Office of Sustainability	391,293	398,636	418,127	423,994	430,050	2,062,100
#52 - Sidewalk Repair	600,000	600,000	600,000	600,000	600,000	3,000,000
<b>Total New Allocations</b>	<b>\$ 18,763,992</b>	<b>\$ 20,210,530</b>	<b>\$ 20,244,527</b>	<b>\$ 20,637,003</b>	<b>\$ 20,617,366</b>	<b>\$ 100,473,418</b>

### FY 2022-2024 Biennial Budget

Significant new allocations to the spending plan since the adoption of the 2022-2024 budget are listed below, including amendments to the FY 2023/24 budget approved by the City Council on June 27, 2024:

- **Spending Item #24 – SPC Jesus S. Duran Eastside Library, \$2,000,000:** Funding for architectural and design studies for the Eastside Library to get the project “shovel-ready”. Bringing a project to this stage significantly improves the City’s chances of gaining grant funding for the construction phase of the project.
- **Spending Item #26 – Museum Renovation:** On October 4, 2022, the City Council approved an increase in the total project costs to \$35,000,000. The Measure Z Spending Plan has been updated with new debt service estimates. The actual funding mechanism of the capital project and date of debt issuance is dependent upon numerous factors, including project status and timeline, and market conditions affecting financing options.
- **Spending Item #33 – Technology Improvements, \$500,000:** This annual increase in the technology allocation will enable a rotational replacement of security cameras throughout the City (approximately \$275,000 to replace 80 cameras per year), the one-time establishment of laptop inventory (\$140,000), and residual funding for unbudgeted critical technology needs.
- **Spending Item #39 – Public Safety & Engagement Team Program (PSET) – Urban, \$350,000:** The Office of Homeless Solutions will add three clinical therapists via contracted services to help prevent the flow of homeless individuals exiting from the Riverside County Emergency Treatment Services (ETS) to the streets. The clinical therapists will be able to assist individuals experiencing homelessness with appropriate services including ongoing mental health services, substance abuse treatment, and shelter resources. A 9.0 FTE decrease in this program for the Parks, Recreation, and Community Services Department has also been implemented, as that division has fulfilled the PSET goals established for their team, with filled positions transferred to the General Fund.
- **Spending Item #53 – Mt. Rubidoux Trail Resurfacing, \$1.78M:** On November 15, 2022, the City Council approved an allocation of \$1.2 million for the design and construction of the Mount Rubidoux Trail Improvements Project. \$250,000 in funding for Mt. Rubidoux approved with the FY 2021/22 Annual Budget was moved from Spending Item #44 - PRCSD Infrastructure, Vehicles, and Equipment to this new spending item to consolidate the project funding under a single spending item. On March 7, 2023, the City Council approved additional funding of \$330,000 for the project, for a total allocation of \$1.78 million.
- **Spending Item #54 – Police K9, \$140,000:** On April 18, 2023, the City Council approved an allocation of \$140,000 in one-time funding for the replacement of up to five Police Service Dogs.
- **Spending Item #55 – PRCS Capital:** On June 13, 2023, the City Council approved a one-time allocation of \$6,492,000 for underfunded park capital improvement projects and an annual allocation beginning in FY 2024/25 of \$3,500,000 for park facilities deferred maintenance projects.

- **Spending Item #56 – Fire Analog Simulcast Communication System, \$1.57 million:** The Fire Department’s analog simulcast communication system (radio tower) is outdated and has reached the end of its lifespan due to technological advancement. Upgrading the interoperable communications system will provide lifesaving capabilities that can benefit public safety personnel, citizens, and businesses within the community.

### Senior/Disabled Services

The Measure Z ballot measure included language targeting “youth after-school/senior/disabled service.” Numerous spending items have had a direct impact for the youth after-school population, such as the Bourns Family Youth Innovation Center, Recreation – Summer Pools, etc. The senior/disabled population is indirectly served through those same programs, as well as ADA accommodations in new construction funded by Measure Z (e.g., the Main Library). Further, a position funded by Measure Z will staff the new Commission of the Deaf, which held its first meeting on Wednesday, July 12, 2023.

### **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 five 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 program-based 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 as a result of this report.

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**Attachments:**

1. Measure Z Spending Plan
2. Measure Z Accomplishments
3. Presentation