

Proposed Amendment of the FY 2023/24 Budget

Finance Department

City Council
June 27, 2023

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BACKGROUND

- June 21, 2022: FY 2022-24 Biennial Budget and FY 2022-2027 Capital Improvement Plan adopted.
- Update Year 2 (FY 2023/24):
 - Assess developments over last fiscal year
 - Revenue performance
 - Council Actions with fiscal impact
 - Rising costs
 - Emerging operational needs, ability to advance strategic priorities
 - Assess opportunities
 - General Fund and Measure Z adjustments leverage increased revenues
 - Sewer Fund addresses rising costs and capital needs



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GENERAL FUND SUMMARY

| Category | Adopted Budget | Proposed Adjustments | Amended Budget |
|---|--------------------|----------------------|--------------------|
| Revenues and Other Resources | \$318,229,147 | \$15,267,116 | \$333,496,263 |
| Expenditures and Transfers Out | 311,113,181 | 15,636,070 | 326,749,251 |
| Surplus/(Deficit) | \$7,115,966 | \$(368,954) | \$6,747,012 |
| Contribution to Infrastructure & Technology Reserve | | | 5,000,000 |
| Remaining Balance | | | \$1,747,012 |

Impact of the June 13, 2023, adoption of the Fire Management Group MOU has been incorporated.



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GENERAL FUND REVENUE ADJUSTMENTS

| Revenue Category | Adopted Budget | Proposed Adjustments | Amended Budget | % Amended |
|---|----------------------|----------------------|----------------------|-------------|
| Property Taxes | \$79,895,400 | \$4,536,046 | \$84,431,446 | 5.7% |
| Sales and Use Tax | 85,914,880 | 8,121,316 | 94,036,196 | 9.5% |
| Transient Occupancy Tax | 7,317,100 | 1,265,000 | 8,582,100 | 17.3% |
| Licenses and Non-Developer Permits | 9,166,455 | 862,400 | 10,028,855 | 9.4% |
| Non-Development Charges for Services | 10,769,145 | 145,000 | 10,914,145 | 1.3% |
| Developer Fees and Charges for Services | 6,946,746 | 425,000 | 7,371,746 | 6.1% |
| Fines and Forfeits | 1,921,827 | (4,000) | 1,917,827 | -0.2% |
| Miscellaneous Revenues | 3,203,929 | (83,646) | 3,120,283 | -2.6% |
| General Fund Transfer | 53,202,300 | - | 53,202,300 | 0.0% |
| Other Revenues | 59,891,365 | - | 59,891,365 | 0.0% |
| Total | \$318,229,147 | \$15,267,116 | \$333,496,263 | 4.8% |



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GENERAL FUND EXPENDITURE ADJUSTMENTS

| Expenditure Category | Adopted Budget | Proposed Adjustments | Amended Budget | % Amended |
|--------------------------|----------------------|----------------------|----------------------|-------------|
| Personnel | \$220,287,273 | \$7,238,605 | \$227,525,878 | 3.3% |
| CalPERS UAL | 28,415,464 | 802,830 | 29,218,294 | 2.8% |
| Non-Personnel | 61,463,307 | 5,516,363 | 66,979,670 | 9.0% |
| Special Projects | 7,234,345 | 2,410,000 | 9,644,345 | 33.3% |
| Minor Capital | 416,613 | 885,000 | 1,301,613 | 212.4% |
| Debt Service | 22,716,810 | - | 22,716,810 | 0.0% |
| Charges To/From | (18,357,110) | (527,696) | (18,884,806) | 2.9% |
| Cost Allocation Plan | (22,677,171) | (1,341,072) | (24,018,243) | 5.9% |
| Fund Subsidies | 11,613,650 | 2,040 | 11,615,690 | 0.0% |
| Transfers to Other Funds | - | 650,000 | 650,000 | - |
| Total | \$311,113,181 | \$15,636,070 | \$326,749,251 | 5.0% |



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COMMUNITY & ECONOMIC DEVELOPMENT

Community & Economic Development (CEDD), \$2.1M, Add 13.0 FTE



Economic Development: Add 5.0 FTE to advance the Economic Development Division and its mission to meet 2025 Envision Riverside Strategic Plan priorities, including Economic Opportunity and High Performing Government.



Planning: Add 5.0 FTE to support Citywide development services and increase the expediency, production, and predictability of both the Current and Advanced Planning teams, including case processing and special projects.



Building and Safety: Add 3.0 FTE to improve development services by increasing the expediency and predictability of building permit processing and plan check services.



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ARTS, CULTURE, AND RECREATION



Expand Library Hours, \$600,000, 8.0 FTE: Add 16.0 part-time, non-benefitted FTE to allow for the expansion of library hours. All library branches will expand open days to include Sundays, and the Main Library will be open for an additional 2 hours in the evenings.



Parks Maintenance & Equipment, \$1.3 million: Increase funding to maintain the City's many parks, sports park, and over 2,000 acres of undeveloped parkland.



Security at Libraries and Community Centers, \$1 million: Continue security services at all library branches and expand security services to community centers.



Citywide Events, \$876,000, 1.0 FTE: Event funding to encourage and expand community engagement, tourism, and economic development within the City. Citywide events support and promote local business growth which will ultimately lead to increased revenue generation in the City.



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INTERNAL SERVICE DEPARTMENTS

Internal Support Services. \$1.9M, 14.75 FTE



City Manager's Office, 3.0 FTE: Additional staffing will ensure that the City government is managed effectively and that initiatives are addressed quickly and efficiently.



City Attorney, 1.0 FTE: Reorganization replacing 1.0 senior level FTE with 2.0 FTE at a near-breakeven cost.



Human Resources, 4.0 FTE: Add two staff members to enhance Workforce Development programs; 1.0 FTE to help address hiring and recruitment challenges; and 1.0 FTE to the Benefits team.



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INTERNAL SERVICE DEPARTMENTS

Internal Support Services. \$1.9M, 14.75 FTE (continued)



General Services, 1.0 FTE: Add a project manager to assist with deferred maintenance and new major capital projects.



Finance, 3.0 FTE: Create a Compliance and Reporting Division to research, plan, implement, and maintain the many new reporting requirements issued by the Governmental Accounting Standards Board (GASB).



Innovation and Technology, 2.75 FTE: Reorganization to swap higher-level positions with lower-level positions to provide more resources to address the City's growing technology needs.



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OTHER CRITICAL NEEDS



Fire, \$665,000: The Fire Department does not currently have a budget that provides for the replacement of firefighter gear and equipment as they near the end of useful life. This request will fund a rotational replacement program of critical equipment and firefighter gear and address ongoing maintenance needs.



Public Works, \$500,000, 4.0 FTE:

- **Landscape:** Add 1.0 FTE Landscape Inspector and contract funds to increase landscape maintenance frequency.
- **Storm Drain:** Add 2.0 FTE to meet regulatory requirements, inspect and clean 80% of the storm drain system annually, and install a new storm drain system.
- **Traffic Engineering:** Add 1.0 FTE to respond to signal timing requests and make corridor-wide improvements.



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POTENTIAL ADDITIONS

- Seven 0.5 FTE per ward increase to **Council Assistants**, resulting in 2.0 Council Assistants per ward at each City Council member's discretion. **(\$272,272)**
- **\$175,000** in the City Clerk's Office to provide **Spanish interpretation services** at City Council and Council Committee meetings.
- The impact to the **cost allocation plan** of additions to internal service departments will be approximately 60% to the General Fund and 40% to other City funds.



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POTENTIAL ADDITIONS

- **\$250,000** in the General Fund, Police Department for license plate recognition **cameras** at major City arteries and intersections to **enhance public safety** in the City.



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MEASURE Z SPENDING PLAN

| (in millions) | Projected | Proposed | | | | |
|--|------------------|-------------------|------------------|------------------|------------------|------------------|
| | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 |
| Revenue | \$ 84.43 | \$ 84.46 | \$ 86.69 | \$ 88.41 | \$ 90.18 | \$ 91.97 |
| Expenditures (Includes items under discussion) | (96.51) | (96.25) | (92.54) | (96.82) | (99.15) | (95.22) |
| Net Change in Fund Balance | \$(12.08) | \$ (11.79) | \$ (5.85) | \$ (8.41) | \$ (8.97) | \$ (3.25) |
| Beginning Unallocated Fund Reserves | \$ 58.96 | \$ 46.88 | \$ 35.09 | \$ 29.24 | \$ 20.83 | \$ 11.86 |
| Net Change in Fund Balance | (12.08) | (11.79) | (5.85) | (8.41) | (8.97) | (3.25) |
| Ending Unallocated Fund Reserves | \$ 46.88 | \$ 35.09 | \$ 29.24 | \$ 20.83 | \$ 11.86 | \$ 8.61 |





Impact of the June 13, 2023, adoption of the Fire Management Group MOU has been incorporated.

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MEASURE Z SPENDING PLAN PROPOSALS

| (in millions) | Proposed | | | | |
|--|----------------|----------------|----------------|----------------|----------------|
| | 2024 | 2025 | 2026 | 2027 | 2028 |
| #24 – SPC Jesus S. Duran Eastside Library  | \$ 2.00 | \$ - | \$ - | \$ - | \$ - |
| #33 – Technology Improvements  | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 |
| #39 – Public Safety & Engagement Team Program (PSET) – Urban  | 0.35 | 0.35 | 0.35 | 0.35 | 0.35 |
| Fire Analog Simulcast Communication System  | 1.57 | - | - | - | - |
| Total | \$ 4.42 | \$ 0.85 | \$ 0.85 | \$ 0.85 | \$ 0.85 |

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POTENTIAL ADDITION




- **\$550,000 in Measure Z** for the **demolition, fencing, and security costs** following a fire at 3460 Orange Street. Insurance reimbursement expected.



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SEWER FUND ADJUSTMENTS

-  Biosolids Hauling and Disposal Budget: \$2.02 million increase to accommodate a projected increase in volume.
-  Chemical Budget: \$1.42 million increase to accommodate substantial cost increases that the supply & logistics sector has experienced the past two years.
-  Add 1.0 FTE Senior Engineer: The additional FTE is needed to assist with planned capital projects per capital improvement plan set for in the 2019 Wastewater Master Plan.



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PROPOSED BUDGET ADJUSTMENTS

| Expenditure Category | Adopted Budget | Proposed Adjustments | Amended Budget | % Amended |
|--------------------------------------|-------------------------|----------------------|-------------------------|-------------|
| 101 - General Fund | \$ 311,113,181 | \$ 15,636,070 | \$ 326,749,251 | 5.0% |
| 110 - Measure Z Operating Fund | 86,969,369 | 9,828,975 | 96,798,344 | 11.3% |
| 215 - Grants and Restricted Programs | 1,847,105 | (162,492) | 1,684,613 | -8.8% |
| 260 - NPDES Storm Drain | 1,375,764 | 103,495 | 1,479,259 | 7.5% |
| 280 - Housing Authority | 1,830,032 | (197,095) | 1,632,937 | -10.8% |
| 292 - Riverwalk LMD | 583,412 | 252,040 | 835,452 | 43.2% |
| 390 - General Debt Service Fund | 41,939,644 | 2,291,483 | 44,231,127 | 5.5% |
| 401 - Capital Outlay | - | 650,000 | 650,000 | 100.0% |
| 420 - Measure Z Capital Fund | 12,975,000 | 24,412,898 | 37,387,898 | 188.2% |
| 510 - Sewer | 69,147,573 | 4,488,422 | 73,635,995 | 6.5% |
| 570 - Public Parking | 8,128,602 | 416,720 | 8,545,322 | 5.1% |
| 763 - CFD 2015 - 2 Pomelo | - | 333,470 | 333,470 | 100.0% |
| Other City Funds | 782,227,093 | 6,923,549 | 789,150,642 | 0.9% |
| Total | \$ 1,318,136,775 | \$ 64,977,535 | \$ 1,383,114,310 | 4.9% |



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STRATEGIC PLAN ALIGNMENT



STRATEGIC PRIORITY 5 - HIGH PERFORMING GOVERNMENT

CROSS-CUTTING THREADS



Community Trust



Equity



Innovation



Fiscal Responsibility



Sustainability and Resiliency



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RECOMMENDATIONS

That the City Council:

1. Conduct a public hearing on the proposed amendment of Fiscal Year 2023/24 of the previously adopted Fiscal Year 2022-2024 Biennial Budget;
2. Direct staff on the addition of seven 0.5 part-time equivalent Council Assistants to the proposed amended budget with a fiscal impact of \$272,272 and authorize related adjustments to the cost allocation plan;
3. Approve the addition of \$175,000 for contracted Spanish interpretation services to the proposed amended budget for the General Fund and authorize related adjustments to the cost allocation plan;



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RECOMMENDATIONS

4. Approve the addition to the proposed amended budget of \$250,000 in the General Fund for License Plate Recognition Cameras with no related impact to the cost allocation plan and \$550,000 in the Measure Z Fund for the demolition and securing of 3460 Orange Street;
5. Adopt a resolution approving the proposed amended annual budget for Fiscal Year 2023/24 totaling \$1,383,114,310, with the addition of any revisions that the City Council may deem advisable per Section 1102 of the City Charter; and
6. Delegate investment authority to the City's Chief Financial Officer/City Treasurer for a period of one year beginning July 1, 2023 and ending June 30, 2024.



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