



Budget Engagement Commission

City of Arts & Innovation

TO: HONORABLE COMMISSIONERS DATE: JANUARY 31, 2018

FROM: FINANCE DEPARTMENT WARD: ALL

SUBJECT: DEPARTMENT PRESENTATIONS OF FY 2018-20 BASELINE BUDGETS

ISSUE:

Receive and discuss the Fiscal Year 2018-20 baseline budgets of City departments.

RECOMMENDATIONS:

That the Budget Engagement Commission (BEC) receive and discuss the baseline budgets of City departments, including preliminary balancing measures and unfunded needs, in preparation for the February 22, 2018 BEC meeting when the Commission will develop recommendations for the City Council on the FY 2018-20 balanced budget and a plan to balance the following three fiscal years.

BACKGROUND:

As an advisory body to the City Council on budgetary matters, the Budget Engagement Commission's input throughout the budget development process is critical. On January 24, 2018, City staff will present the Baseline Two-Year Budget for Fiscal Years 2018-20 and 2018-23 Five-Year Financial Plan for the General Fund and Measure Z to the BEC. General Fund shortfalls of \$3 million in Fiscal Year (FY) 2018-19 and \$6 million in FY 2019-20 are projected, and will require balancing measures.

DISCUSSION:

City departments have developed baseline budgets for all areas under their purview, including the General Fund and enterprise funds. Within the General Fund, departments were tasked with identifying preliminary balancing measures and critical unfunded needs. This information will be presented to the BEC on January 30-31, 2018. In February, BEC members will be attending Ward-specific meetings to gather community input on the FY 2018-20 budget. On February 22, 2018, the BEC will discuss the departments' proposed balancing measures and unfunded needs, along with the community input, in preparing recommendations for the City Council on a balanced FY 2018-20 budget, and a plan for balancing fiscal years 2020-2023.

Balancing Measures

The General Fund FY 2018-20 Baseline Budget reflects projected General Fund shortfalls of \$3 million in Fiscal Year (FY) 2018-19 and \$6 million in FY 2019-20. Balancing measures will be required to arrive at a balanced budget. City departments were tasked with identifying 4% reductions or revenue enhancements within their department budgets, applying the following guidelines:

1. Identify savings opportunities in Non-Personnel:
 - Review past performance and how managed savings were achieved in prior years;
 - Review non-personnel spending, focusing on discretionary spending first; and
 - Renegotiate on-going contracts and property lease/rent to lower rates.
2. Identify revenue generating opportunities
 - Review lease/rent revenue generated by City-owned property to ensure that amounts charged are consistent with market rates; and
 - Identify new revenue sources and opportunities to enhance existing revenues.
3. Review subsidies and special programs for conformity with Riverside 2.1 goals and objectives, program benefits, and effectiveness.
4. Review personnel needs.

A preliminary list of departments' balancing measures, identified under the guidelines defined above, is attached (Attachment 1). This list does not represent staff's recommended budget reductions, but rather should be considered a starting point for thoughtful discussions about how to balance the General Fund budget. Following Community Budget Workshops in February, City staff will return to the BEC on February 22, 2018 with recommended balancing measures.

Critical Unfunded Needs

Departments were asked to identify critical unfunded needs during the development of their budgets. Critical needs are those items that the departments believe are necessary to support current service levels and meet Riverside 2.1 Strategic Goals. Three categories of critical needs are included in Attachment 2: Unfunded Operating – General, Unfunded Operating – Facility Maintenance, and Unfunded Capital Projects.

City staff will review the unfunded needs and return to the BEC on February 22, 2018 with recommendations regarding those needs.

Next Steps

The baseline budgets, balancing measures and unfunded needs serve as a starting point for thoughtful discussions about how to balance the 2018-20 Two-Year General Fund Budget. Upon completion of the Ward specific community meetings, City departments and staff will continue to refine the budget and will return to the BEC on February 22, 2018 to facilitate the BEC's discussion and formulation of budget recommendations for City Council.

FISCAL IMPACT:

There is no fiscal impact associated with this report.

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Approved as to	
Availability of funds:	Adam Raymond, Chief Financial Officer/Treasurer
Approved by:	Marianna Marysheva, Assistant City Manager

Attachments:

1. Balancing Measures (General Fund)

2. Unfunded Needs
3. Presentations from City departments
 - a. Mayor
 - b. Police
 - c. Fire
 - d. General Services including contracts with the Raincross Group
 - e. Museum
 - f. Library
 - g. Public Utilities