



CITY MANAGER'S PROPOSED FISCAL YEAR 2016-2018 TWO-YEAR BUDGET AND FIVE-YEAR FINANCIAL PLAN

Finance Department

City Council Meeting
June 14, 2016

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OVERVIEW

- On May 31, 2016, staff presented the FY 2016-2018 Two-Year Budget and Five-Year Plan
- May 31st presentation followed individual budget discussions with each City department in April-May 2016, including proposed balancing measures



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JUNE 14TH ITEMS

- Public Hearing
- Potential Budget Adoption



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GENERAL FUND BUDGET SUMMARY – 5 YEARS

Category	3rd Quarter FY 2015/16	Proposed: FY 2016/17	Proposed: FY 2017/18	5-Year FY 2018/19	5-Year FY 2019/20	5-Year FY 2020/21
Beginning General Fund Reserve	\$ 40,085,510	\$ 32,853,252	\$ 32,879,545	\$ 34,957,342	\$ 37,887,492	\$ 39,482,500
Baseline Revenue	\$255,093,517	\$ 266,021,469	\$272,700,401	\$284,163,482	\$291,258,952	\$305,026,077
Baseline Expenditures	\$262,325,775	\$ 277,350,449	\$280,965,952	\$288,947,080	\$294,517,629	\$297,769,973
Initial Baseline Budget Surplus / (Deficit)	\$ (7,232,258)	\$ (11,328,980)	\$ (8,245,551)	\$ (4,743,598)	\$ (3,258,677)	\$ 7,258,104
Union Compensation Model	\$ -	\$ (51,764)	\$ (1,431,685)	\$ (3,779,305)	\$ (6,133,348)	\$ (8,503,184)
Cost Plan Update	\$ -	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000
RPU Water Revenue Update Due to Anticipated Changes in Drought Restrictions	\$ -	\$ 205,000	\$ 590,000	\$ 290,000	\$ -	\$ -
Revised Baseline Surplus / (Deficit)	\$ (7,232,258)	\$ (10,575,744)	\$ (8,807,234)	\$ (7,462,903)	\$ (8,792,025)	\$ (445,080)



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GENERAL FUND CHANGES TO BUDGET REDUCTIONS BY STAFF (NEXT SLIDE, ATTACHMENT 2)



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Initial Balancing Measures							
Departmental Reductions	\$ -	\$ 10,511,377	\$ 10,489,353	\$ 10,489,353	\$ 10,489,353	\$ 10,489,353	\$ 10,489,353
Revised Baseline Surplus / (Deficit) After Initial Balancing Measures	\$ (7,232,258)	\$ (64,367)	\$ 1,982,117	\$ 2,836,450	\$ 1,697,328	\$ 9,844,273	
Revisions To Balancing Measures							
Restore a portion of the University Neighborhood Enhancement Team (UNET) (Police)	\$ -	\$ (750,000)	\$ (750,000)	\$ (750,000)	\$ (750,000)	\$ (750,000)	\$ (750,000)
Restore the RCC Aquatics Cut (PRCSD)	\$ -	\$ (80,000)	\$ (80,000)	\$ (80,000)	\$ (80,000)	\$ (80,000)	\$ (80,000)
Restore Janet Goske Center Cut (PRCSD)	\$ -	\$ (15,000)	\$ (15,000)	\$ (15,000)	\$ (15,000)	\$ (15,000)	\$ (15,000)
Add RCVB reduction proposed by Raincross (Non-Departmental)	\$ -	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Add Community Livability Overtime Elimination (Police)	\$ -	\$ 823,680	\$ 823,680	\$ 823,680	\$ 823,680	\$ 823,680	\$ 823,680
Add Community Livability Program Reduction (City Attorney)	\$ -	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
Add Community Livability Program Reduction (Community and Economic Development)	\$ -	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Add Net Savings from Insourcing of Innovation and Technology Staff approved by the City Council on May 17. Updated to Cost Plan. FTE's, etc. will be included in the final budget.	\$ -	\$ 12,000	\$ 17,000	\$ 17,000	\$ 17,000	\$ 17,000	\$ 17,000
Managed Savings of \$1.5 million for the Police Department will be achieved through elimination of two vacant Detective positions, holding vacant of one Deputy Chief position and managing additional vacancies throughout the year.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Requested Changes Proposed Budget							
Add a position reclassification to Public Works. Change Administrative Services Manager position a Fiscal Manager Position. No Impact to General Fund. Sewer Fund (\$50) expenditures will increase by \$8,892 in FY 16/17 and \$18,033 in FY 17/18.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Revised Baseline Surplus / (Deficit) After Amended Balancing Measures as of 6/1/2016	\$ (7,232,258)	\$ 26,313	\$ 2,077,797	\$ 2,932,130	\$ 1,793,008	\$ 9,939,953	
Ending General Fund Reserve	\$ 32,853,252	\$ 32,879,565	\$ 34,957,362	\$ 37,889,492	\$ 39,682,500	\$ 49,622,453	
% of Baseline Budget (Baseline Less Reductions)	12.5%	12.4%	12.9%	13.5%	13.7%	16.8%	



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GENERAL FUND ADDITIONAL POTENTIAL CHANGES TO BUDGET REDUCTIONS BY CITY COUNCIL (NEXT SLIDE, ATTACHMENT 3)



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#	Potential Balancing Item	Potential Savings Measures		Comments from Staff
		FY 2016/17	FY 2017/18	
1	Reduce City Council Travel Budgets by \$3,500/Ward	\$ 24,500	\$ 24,500	
2	Reduce City Council Office Expense by \$1,000/Ward	\$ 7,000	\$ 7,000	
3	Reduce City Council Motor Pool Allocation by \$6,500	\$ 6,500	\$ 6,500	
4	Eliminate all General Fund Sponsorships and In-Kind Services for 2 Years	\$ 235,990	\$ 235,990	For the General Fund, total budgeted sponsorships and in-kind services total \$235,990: Museum and Cultural Affairs funding (\$152,240) is related to actual sponsorships approved by the Development Committee. Community and Economic Development funding (\$27,000), is related to sponsorships and/or seed funding for various city organizations. Police Department funding (\$56,750) is related to overtime for known City events (e.g. Chili Cook-Off, 4th of July events, Black History Month Festival & Parade, Cinco de Mayo, Dickens Festival, etc.).
5	Eliminate two administrative positions from Mayor's Office		TBD	For FY 2016-2018, the Mayor's Office already recommended \$33,050 in reductions, including \$10,500 in personnel expenditures. The Mayor's Office will be available to respond to additional questions on June 14th.
6	Eliminate Mayor's Office Commission Accounts		TBD	For FY 2016-2018, the Mayor's Office already recommended \$33,050 in reductions, including: Professional Services (\$5,000), Travel and Meeting (\$1,000), Long Night (\$5,000), Commission on Aging (\$500), Human Relations Commission (\$2,000), Purple City (\$750), Fit, Fresh and Fun (\$1,500), and College Council (\$2,000). The Mayor's Office will be available to respond to additional questions on June 14th.
7	Eliminate Mayor's Office Professional Services		TBD	
8	Eliminate Mayor's Office Travel		TBD	
9	Reduce Street Sweeping Enforcement by 50%	N/A	N/A	The City currently sweeps streets in residential areas twice a month, not only to keep our streets clean, but also to comply with Federal Clean Water Act requirements and the City's National Pollutant Discharge Elimination System (NPDES) permit, which allows the City to convey storm water runoff into the Santa Ana River. The Street Sweeping program is funded through a portion of the solid waste charges, a property tax levied through County Service Area 152 as part of the City's NPDES program, and revenue from street sweeping citations. No General Fund revenue is currently used to support the Street Sweeping Program. If staffing for enforcement of routes was reduced by 50%, the savings would be approximately \$431,394. The reduced enforcement efforts would result in an estimated reduction in revenue of approximately \$580,500; a net loss of \$148,106.



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FIRE DEPARTMENT

- Update on alternative savings measures



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EMPLOYEE IMPACTS

- Update from the Human Resources Department on employee impacts of the recommended reductions
 - Pay
 - Benefits
 - Workforce Reductions



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BEACON ECONOMICS

- Available for questions on key General Fund revenues



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RECOMMENDATIONS

That the City Council:

1. Conduct a public hearing on the City of Riverside's Proposed Two-Year Budget for Fiscal Years 2016-2017 and 2017-2018;
2. Close the public hearing and consider adoption of the Fiscal Year 2016-2018 Two-Year Budget at 6:15 p.m.;
3. If adoption is desired on June 14, adopt the attached resolution (Attachment 1) approving the City of Riverside's Two-Year Budget as amended by the budget reduction measures and other adjustments reflected in Attachments 2, 3 and 4, and any other Council-directed modifications; and
4. Approve the modification of the Personnel Detail Section of the City's Proposed Two-Year Budget to reflect the additional forty-five (45) full-time equivalent (FTE) positions in the Information and Technology (IT) Department as outlined in Attachment 4.



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