

Attachment 12: Responses to Questions

From the May 9, 2017 City Council Meeting

Proposed City Facilities

1. **Question: Is there sufficient (General Fund) funding to operate/maintain the proposed new Downtown Main Library?**

Answer: Yes, sufficient funding for maintenance and operation of a new facility is included in the General Fund. Currently, the entire Library system has a non-capital maintenance/repair/equipment budget of approximately \$100,000, which would be sufficient in the short-term with a new facility. Further, if needed, additional funding from the Police Department lease may be available to fund future maintenance (see below).

2. **Question: Is there sufficient (General Fund) funding to operate/maintain the proposed new Police Department Headquarters?**

Answer: Yes, sufficient funding for maintenance and operation of a new facility are included in the budget. Currently, the police stations have a non-capital maintenance/repair/equipment budget of approximately \$225,000. Further, the annual rent of the existing facility of approximately \$300,000 (effective August 2017), can be used for future maintenance and operation of a new facility.

Public Safety Vehicles

1. **Question: What was spent on Police Department vehicle maintenance in last two years?**

Answer: In fiscal year (FY) 2015/16, the Police Department incurred expenditures of approximately \$561,000. For FY 2016/17, the spending through April 2017 has been approximately \$570,000; projected expenditures through June 2017 are more than \$680,000 through private maintenance of the fleet. The cost for Police Department vehicle maintenance is approximately \$180,000 to \$200,000 plus parts and supplies, if moved in-house.

Police Officer Hiring

1. **Question: How many police officers, funded through Measure Z, can we realistically hire before July 1?**

Answer: City staff and the Budget Engagement Commission's (BEC) proposed Measure Z spending priorities include the addition of 60 net new police officers, 17 of which would be funded in fiscal year (FY) 2017-18. Of these 17 police officers, the Police Department estimates that nine to 13 can begin by July 1, 2017. If funding is approved as recommended by City Staff and the BEC, the Police Department anticipates that six to 10 lateral hire police officers will be hired by July 2017 and that three officer trainees will be in the academy.

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General Fund Reserve/Bond Rating

1. Question: What is the financial impact of a potential bond downgrade?

Answer: Impacts to a bond downgrade will depend on the City's future financings. As shown below, the total savings for the City's potential 2017 POBs is estimated to be about \$396,000. The total savings for a future \$50 million lease revenue bond (18-year term) is estimated to be about \$1.2 million. These savings are theoretical only and based on a current indication of the estimated trading differential between a "A+" and "AA-" bond issued by the City of Riverside (Information from Stifel, Nicolaus & Co. Inc.):

<u>Theoretical Savings from "A+" to "AA-" S&P Rating Upgrade</u>			
<u>2017 POBs</u>			
S&P Rating	"A+"	"AA-"	
Interest Rate	4.45%	4.25%	
Bond Size	\$32,000,000	\$32,000,000	
Term (Years)	10	10	<u>Savings</u>
Annual Payment	\$4,034,186	\$3,994,564	\$39,622
Total Payments	\$40,341,863	\$39,945,639	\$396,224
<u>Future Lease Revenue Bond</u>			
S&P Rating	"A+"	"AA-"	
Interest Rate	3.20%	3.00%	
Bond Size	\$50,000,000	\$50,000,000	
Term (Years)	18	18	<u>Savings</u>
Annual Payment	\$3,697,184	\$3,635,435	\$61,749
Total Payments	\$66,549,308	\$65,437,826	\$1,111,481

Street Maintenance

1. Question: Based on the Revised City staff Measure Z Spending Priorities, how many miles of paving may be achievable? Additionally, how much Measure Z funding would be required over the first five years to achieve approximately 80 miles of street paving.

Answer: Based on current street/sidewalk funding plus anticipated SB 1 (Road Repair and Accountability Act of 2017) funds, Public Works estimates that the City will be able to complete approximately 47.3 miles of road/sidewalk rehabilitation in fiscal year (FY) 2017/18 and 54.1 miles in FY 2018/19. To fund 80 miles of street/sidewalk rehabilitation, additional Measure Z funding of approximately \$6 million to \$7 million will be needed over the first five years. Exhibit 12a provides a detailed breakdown of the City's existing funding sources and estimates for FY's 2017/18 and 2018/19. It is important to note, that these figures are estimates and

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actual miles of street/sidewalk rehabilitation are subject to road condition, available resources, and traffic mitigation concerns.

2. **Question:** Can SB 1, Road Repair and Accountability Act of 2017, funding be utilized for building new or rehabbing current sidewalks?

Answer: While final program requirements are not complete, staff believes that sidewalks can be added or rehabbed in conjunction with a street project. At this time, it is not clear if standalone sidewalk projects will be eligible for funding. Both the City's Intergovernmental Relations Officer and Public Works staff are awaiting a final determination from the State of California.

Tracking of Measure Z

1. **Question:** How will Measure Z revenues and expenditures be tracked?

Answer: On December 8, 2016, the City Council approved the establishment of Fund 110 to track Measure Z expenditures and revenues.

2. **Question:** How will the activities of Measure Z appear on Engage Riverside?

Answer: While a person visits Engage Riverside (www.engageriverside.com), and click on the Budget and Finance icon, they have the options to select a Measure Z category. Upon adoption of a Five-Year Measure Z Spending Plan, updated expenditure reports, included in the City's Quarterly Financial Reports, will be added to the Measure Z page.



Streets Rehabilitation and Sidewalks Estimates
Proposed Combination of Treatment by Funding Source

Information Purposes - Pending Pavement Management results could change treatment combinations
Measure Z funding adjusted to for 80 mile objective.

Funding Sources	Treatment	Category	FY 2017/18			FY 2018/19		
			Budget	Avg Cost per Mile (4)	Potential Miles (5)	Projected Budget (3)	Avg Cost per Mile (4)	Potential Miles (5)
Preservation Improvements								
Current Funding								
General Fund								
	Slurry-Only (7)	Residential	\$320,000	\$40,000	8.0	\$320,000	\$40,000	8.0
Gas Tax & Measure A Funds								
	Slurry	Residential	\$500,000	\$40,000	12.5	\$500,000	\$40,000	12.5
	Rehabilitation	Residential	\$2,000,000	\$375,000	5.3	\$2,000,000	\$375,000	5.3
	Rehabilitation	Arterial	\$2,400,000	\$975,000	2.5	\$2,400,000	\$975,000	2.5
	Concrete Work	Sidewalks, Curb & Gutter, Pedestrian Ramps	\$1,100,000	\$300,000	3.7	\$1,100,000	\$300,000	3.7
Total Current Funding			\$6,320,000		32.0	\$6,320,000		32.0
Anticipated Funding - Estimate								
SB 1 Funds (1)								
	Slurry (2)	Residential	\$500,000	\$40,000	12.5	\$500,000	\$40,000	12.5
	Rehabilitation (6)	Residential	\$870,000	\$375,000	2.3	\$2,670,000	\$375,000	7.1
	Rehabilitation (6)	Arterial	\$500,000	\$975,000	0.5	\$2,400,000	\$975,000	2.5
Total Anticipated SB 1 Funding - Estimate			\$1,870,000		15.3	\$5,570,000		22.1
Estimated Total Funding: Current + SB1			\$8,190,000		47.3	\$11,890,000		54.1
Budget Engagement Commission Proposal								
Measure Z								
	Slurry	Residential	\$1,140,000	\$40,000	28.5	\$1,036,000	\$40,000	25.9
	Rehabilitation	Residential	\$1,575,000	\$375,000	4.2	\$0	\$375,000	0.0
	Rehabilitation	Arterial	\$0	\$975,000	0.0	\$0	\$975,000	0.0
Total Anticipated Measure Z Funding - Estimate			\$2,715,000		32.7	\$1,036,000		25.9
Estimated Total Funding: Current + SB1 + Measure Z			\$10,905,000		80.0	\$12,926,000		80.0

Footnotes

- (1) Based on State Dept of Finance April 2017 estimates
- (2) Residential slurry - it is not clear whether SB 1 Funds can be used for slurry as one of the conditions includes submitting a list of projects, including estimated useful life, which implies a minimum useful life may be imposed.
- (3) 18/19 Projection - assumes funding would be relatively stable from 18/19 forward, with any incremental revenue increases offsetting incremental cost increases resulting in equivalent number of miles maintained.
- (4) Cost will vary depending on existing conditions and scope of work to restore to good conditions.
- (5) Miles treated will vary depending on existing conditions and scope of work to restore to good condition.
- (6) Street rehabilitation projects normally include any necessary sidewalk repair or construction of new sidewalk. Extensive sidewalk work increases the cost per mile and would decrease the miles of street maintained proportionally.
- (7) Upkeep by City field workforce.