



City Council Memorandum

City of Arts & Innovation

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: JANUARY 16, 2018
FROM: FINANCE DEPARTMENT WARDS: ALL
SUBJECT: BASELINE FISCAL YEAR 2018-2020 TWO-YEAR BUDGET AND BASELINE FY 2018-2023 FIVE-YEAR PLAN FOR THE GENERAL FUND AND MEASURE Z

ISSUE:

Receive and provide input on the baseline fiscal year (FY) 2018-2020 Two-Year Budget, baseline FY 2018-2023 Five-Year Plan for the General Fund and Measure Z, and Budget Development Schedule, including Budget Engagement Commission-led citywide meetings and ward-specific community meetings.

Note: The General Fund and Measure Z represent 32% of the City's budget. FY 2018-2020 budget baseline information and FY 2018-2023 five-year financial plans for the other major funds, collectively representing additional 58% of the budget (Electric, Water and Sewer) will be presented to the Budget Engagement Commission and City Council in March 2018.

RECOMMENDATION:

That the City Council receive and provide input on the baseline FY 2018-2020 Two-Year Budget, baseline FY 2018-2023 Five-Year Plan for the General Fund and Measure Z, and Budget Development Schedule.

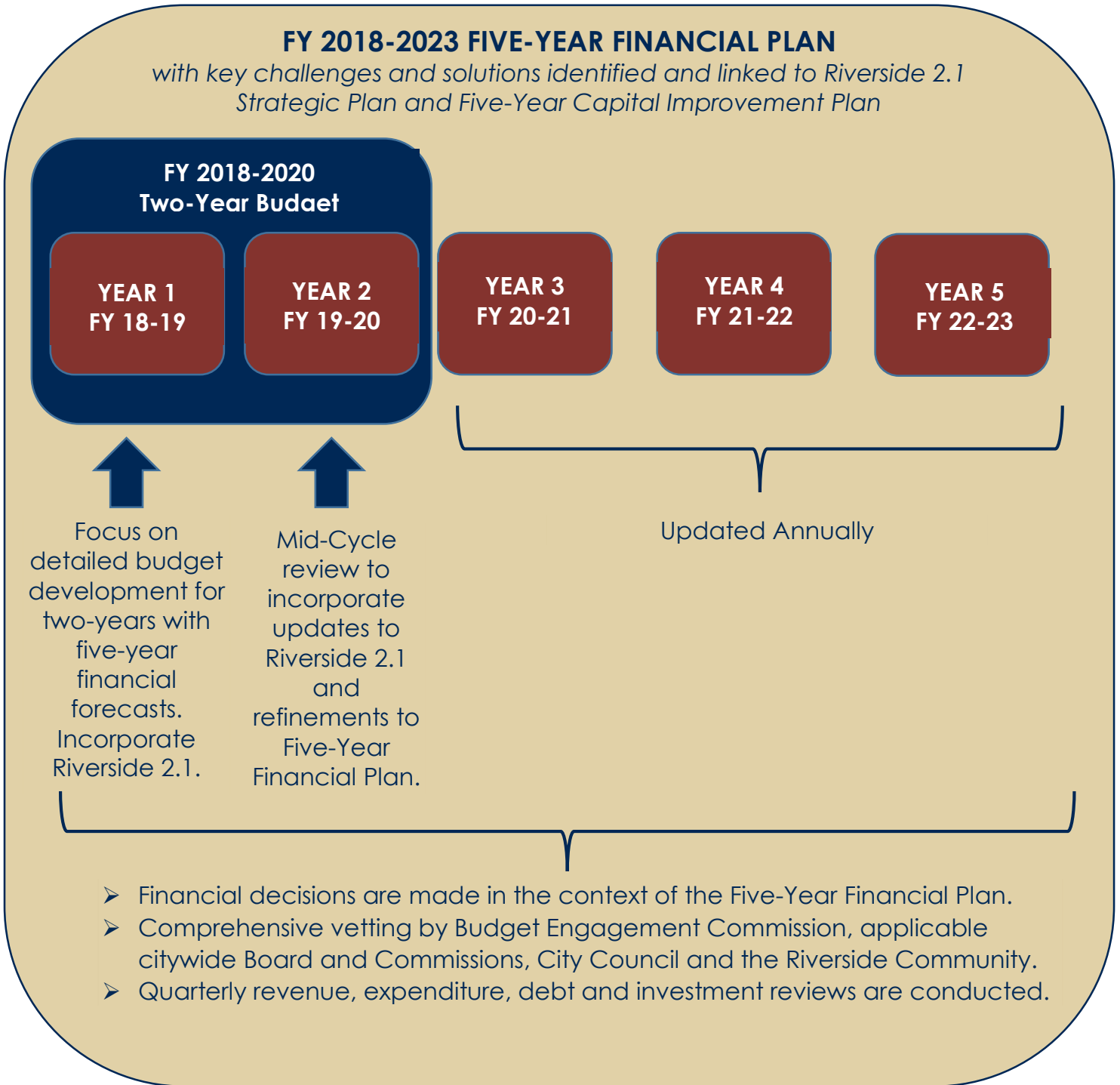
BACKGROUND:

Multi-Year Financial Planning

Multi-year financial planning, ongoing financial monitoring, frequent financial reporting, and prompt corrective actions when necessary, are central elements of sound financial management. Additionally, multi-year financial planning, including the adoption of a two-year budget, provides the City Council, departments and the public with greater certainty regarding ongoing funding and staffing for programs and services. A five-year plan allows the City to estimate impacts of policy decisions during the budget process on the City's financial activity long-term.

On December 8, 2015, the City Council approved the move to a two-year budget in the context of a five-year plan. Since September 2017, staff have been actively planning for the FY 2018-2020 Two-Year Budget and FY 2018-2023 Five-Year Plan; adoption of both the Two-Year

Budget and Five-Year plan is anticipated in mid-June 2018. The graphic below highlights the overview and benefits of the five-year financial planning process.



Guiding Budget Principles

The FY 2018-2020 budget will be developed utilizing the same key guiding principles applied during the FY 2016-2018 Two-Year Budget process and through the passage of Measure Z. The graphic below highlights these key budget themes. In addition, providing excellent customer service will continue to be the City’s key operational priority.

FY 2018-2020 KEY BUDGETARY THEMES

Financial Accuracy

Executive management sees a comprehensive data collection and analyzation effort to achieve accurate financial targets and projections as a core tenet, essential for the City's future fiscal foundation.

Financial Responsibility & Discipline

Financial responsibility requires acknowledging and fully disclosing the City's critical funding requirements, including unfunded needs. Fiscal discipline demands City Departments operate within their budget. Management action calls for timely recommendation to City Council to address any financial issues confronting the City.

Maintaining Essential Services and Infrastructure

In concert with the Responsible Spending Vision Pledge (Oct. 2016), the City will find ways to address the challenges in funding its existing programs and services, and identifying revenues for the critical needs that have been unfunded for years, including repair, maintenance and replacement of our buildings, roads and sidewalks, streetlights, and fleet including first responder vehicles.

Transparent & Participatory Process

The two-year budget process includes many opportunities for the Riverside community to contribute to budget development, including City Council, Budget Engagement Commission, and ward-specific meetings. Additionally, reader-friendly budget publications will be made available.

Promises Made, Promises Kept

With the adoption of the Five-Year Measure Z Spending Plan in May 2017, the City made financial and operational promises to the Riverside community. Staff is committed to building on the financial successes of FY 2016-2018 by preserving services and finding additional efficiencies to ensure the City's continued financial success and achievement of its Riverside 2.1 strategic initiatives.

DISCUSSION:

Bottom Line

The passage of Measure Z, FY 2016-2018 budget reductions, and the implementation of sound financial principals, including the establishment of the Budget Engagement Commission (BEC) and adoption of a two-year budget and five-year plan, have laid a strong financial foundation for

the FY 2018-2020 Two-Year Budget. As a result of the City's strong fiscal management and discipline, the City's general obligation bond rating was recently increased from A+ to AA- by Standard & Poor's, and the City is poised to end the current fiscal year (2017-18) with a General Fund Reserve exceeding 20%.

Based on currently available information and data, for the next five years (2018-2023) staff projects that expenditure growth will continue to outpace revenue growth. **A combination of lowered sales tax growth and significant CalPERS cost increases is creating baseline General Fund shortfalls of \$3 million in FY 2018-19 and FY \$6 million in FY 2019-20** (Attachment 1).

The 2016-2018 Two-Year Budget retained a relatively small amount (\$5.4 million) of "managed savings" – a balancing concept widely used in prior budgets and completely eliminated in FY 2018-20. If the measures used to meet the FY 2016-18 managed savings target were continued on a permanent basis the baseline FY 2018-20 deficits would be nearly eliminated, although further reductions measures will be necessary in years three to five. All General Fund departments have been requested to identify permanent measures to address the baseline shortfalls.

Despite the projected baseline shortfalls, staff is committed to building on the financial successes of FY 2016-2018 by preserving services and finding additional efficiencies to ensure the City's continued financial success and achievement of its Riverside 2.1 strategic initiatives. These commitments will be presented in-line with the City's Balanced Budget and Long-Term Financial Policies, which were reviewed by the Finance Committee on January 10, 2018 and are scheduled to be presented to the City Council in February 2018. Further, the availability of a five-year plan gives the City Council, Commissions, and leadership the opportunity to have meaningful discussions on how to address financial challenges moving forward.

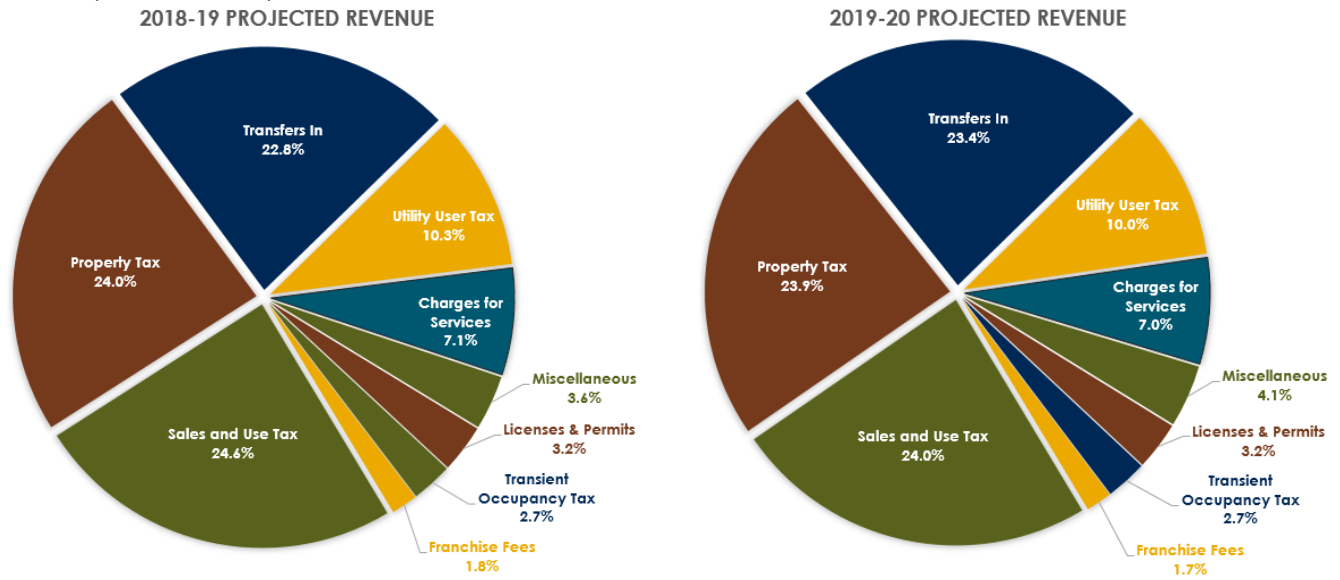
Managed Savings

For FY 2018-20, the City has eliminated its "managed savings" practice, whereby departments had mandatory savings targets they had to meet in their adopted budget for the General Fund to be balanced. These targets were often met with temporary measures such as vacancy savings. In FY 2018-20, permanent measures will be required instead to balance the baseline shortfalls.

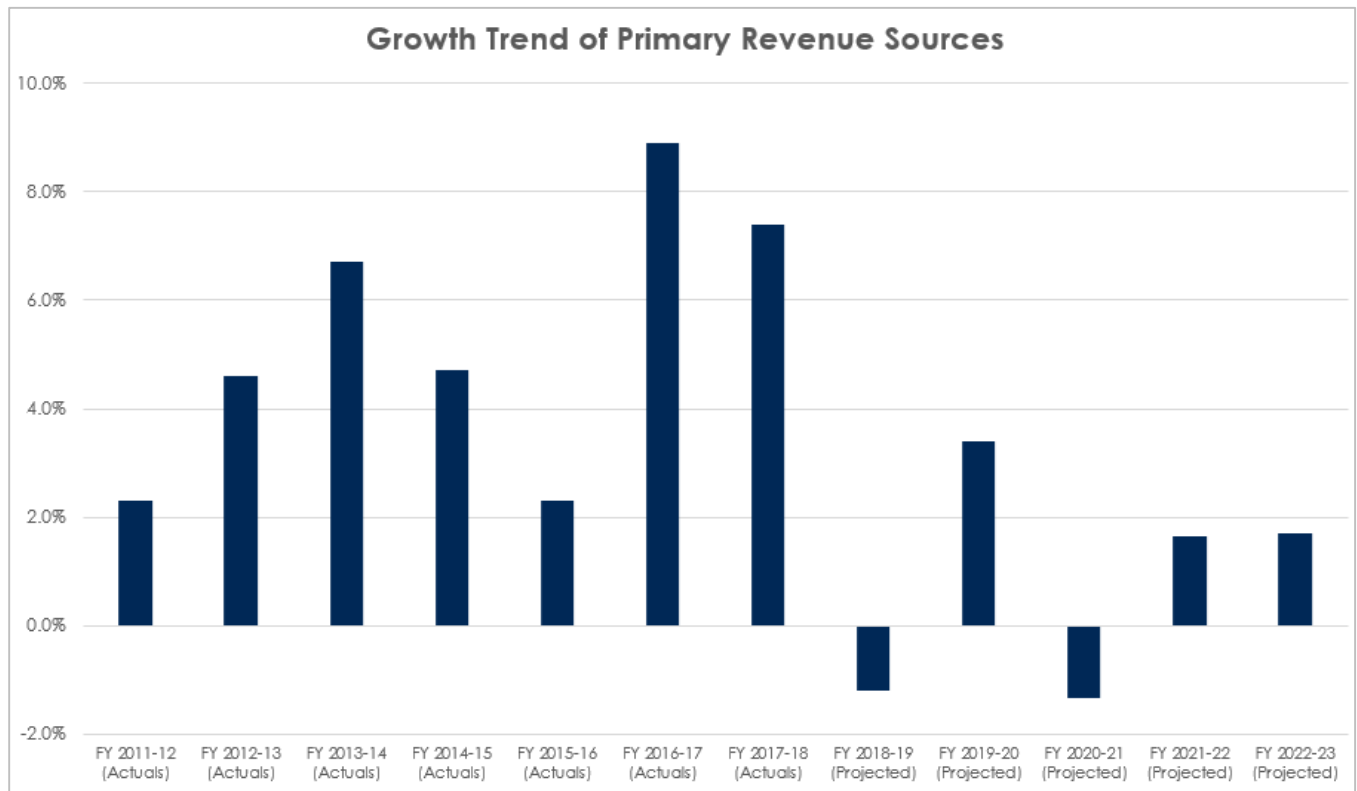
For FY 2016-17 and FY 2017-18, managed savings amounted to approximately \$5.4 million per year in the General Fund. Historically, the managed savings target was much higher. In FY 2007-08, the managed savings target was \$12.2 million and in FY 2008-09 it was \$8.4 million. By implementing permanent reductions that match prior year managed savings targets in the FY 2016-2018 Two-Year Budget, the City would eliminate the majority of the projected deficits in the FY 2018-2020 Two-Year Budget.

Flattening of Revenues

Of the City’s General Fund revenues, sales and use tax, property tax, General Fund transfer, utility users tax, and transient occupancy tax are projected to make up 84.3% (FY 2018-19) and 84.0% (FY 2019-20) of all General Fund revenues.



Overall, staff anticipates that the General Fund annualized revenue growth rate for these primary revenue sources will continue to slow down in FY 2018-19 (2%) and FY 2019-20 (1.5%) following similar trends seen in FY 2016-17 (4%) and FY 2017-18 (3%). In comparison, these General Fund revenues grew by approximately 7% from FY 2013-14 to FY 2014-15. The chart below shows the projected trend of these primary revenue sources, excluding Measure Z transfers to the General Fund. The Revenue Section of this report includes additional information on the City’s General Fund revenue projections.



Personnel Costs

Of the City's General Fund expenditure categories, personnel costs are projected to represent 81% in FY 2018-19 and 82% in FY 2019-20. These percentages are consistent with percentages in other full-service cities. The fastest growing personnel category is CalPERS, which is projected to grow at a significant pace over the next 7-10 years. For example, from FY 2015-16 to FY 2019-20, CalPERS costs in the General Fund are anticipated to grow by \$14 million or 34%. Recent and necessary changes by the CalPERS Board to lower the rate of return (discount rate) and start a program to pay down unfunded accrued liabilities (UAL) will significantly increase the City's future required CalPERS contributions, particularly in years three to five. At the same time, after placing new employees into less generous retirement plans and requiring all employees to pay their full share of retirement costs, the City has already exhausted available tools to lower retirement costs. The Expenditure Section of this report includes additional information on the City's General Fund personnel cost projections. Additionally, Attachment 3 provides information on CalPERS.

Measure Z Contribution

When the Five-Year Measure Z Spending Plan was approved by the City Council in May 2017, the General Fund was allocated funding to cover estimated operational shortfalls and bolster reserves. In FY 2017-18, the first full year of Measure Z revenues, approximately \$20.5 million was allocated from Measure Z to the General Fund. Based on the current Five-Year Spending Plan, the General Fund is anticipated to receive Measure Z contributions of \$13.2 million in FY 2018-19 and \$18.3 million in FY 2019-20. The Measure Z Section of this report includes additional information on the City's Measure Z revenue and expenditure projections.

In-Depth Review of Non-Personnel Spending in the General Fund

In developing the baseline budget, staff is analyzing in-depth non-personnel General Fund expenses, including discretionary programs and subsidies. For example, the Citywide Lighting Assessment District (\$2.44 to \$67.04 per parcel), approved by the voters with Measure EE in 1997, was to fund citywide lighting costs. Unfortunately, the revenues have not covered costs for several years, and the General Fund is currently spending approximately \$1.1 million to cover excess costs for the Citywide Lighting Assessment District and another \$330,000 for and Business Improvement Districts and Landscape Improvement Districts. Additionally, for more than 20 years, the City has funded all or a portion of the crossing guards for the Riverside Unified School District (RUSD) and Alvord Unified School District (AUSD). Currently, the City spends approximately \$850,000 per year on crossing guard services for RUSD and AUSD. In total, the City spends more than \$5 million annually to subsidize various organizations, events and Special Districts. The expenditure section of this report provides additional details.

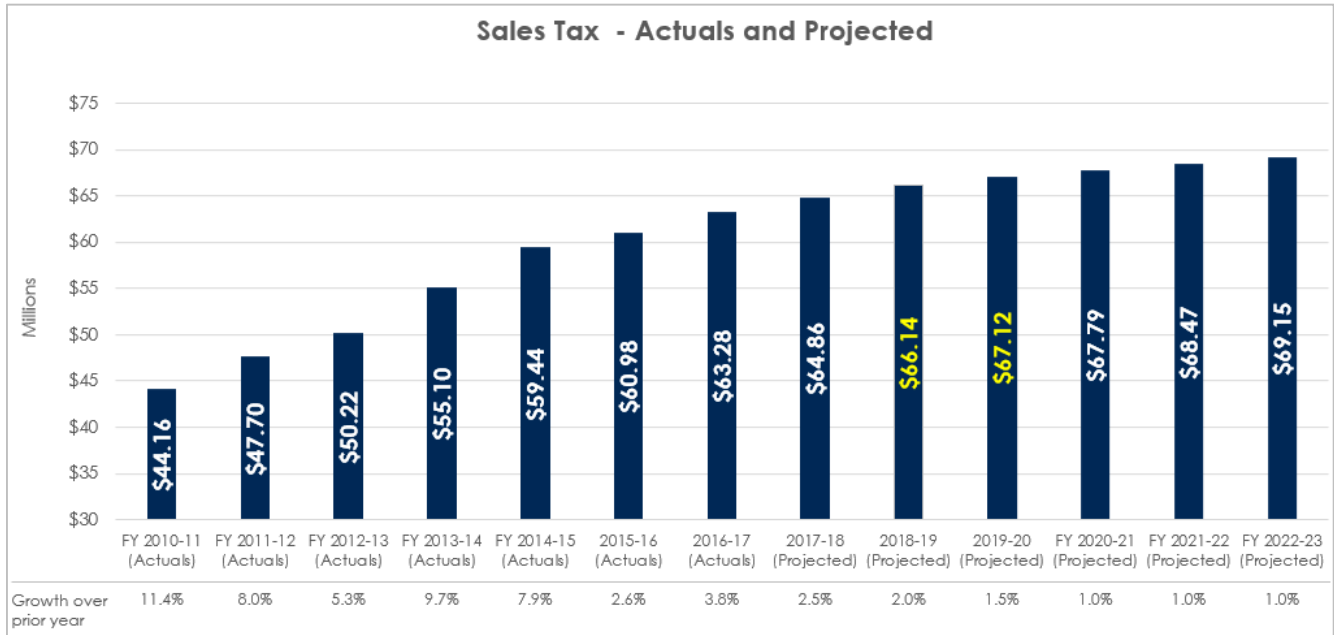
Baseline Assumptions – General Fund

Revenues

Staff takes a comprehensive approach to developing revenue estimates. Data used to compile the General Fund revenue assumptions include, but is not limited to, communication with the business community (e.g. shopping centers, malls, and auto center), economic data, historical revenue analytics, sales tax and economic consultants, City departments, real estate organizations, and the County of Riverside. Additionally, the baseline projections will be thoroughly vetted through the BEC and updated, if necessary, based on current economic information as the budget process continues.

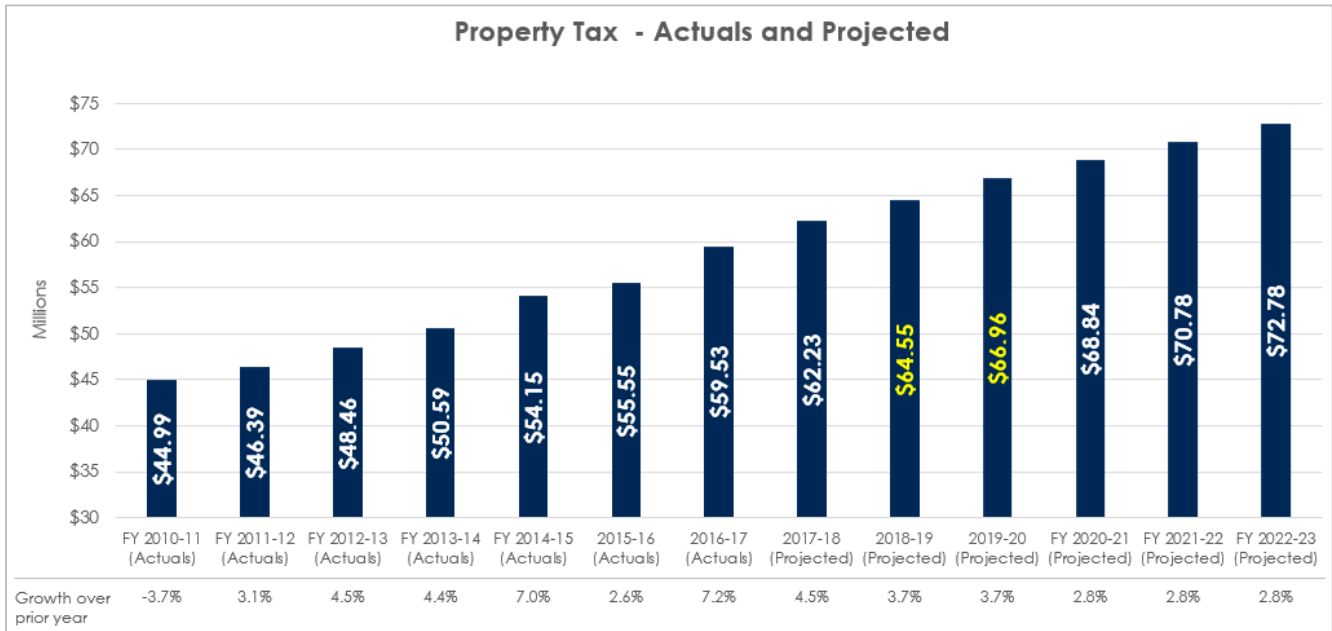
Sales and Use Tax

As a result of the slowing economy, changes in how people shop (e.g. e-commerce) and growth of local agencies (e.g. Temecula, Murrieta and Corona), staff anticipates that the largest General Fund revenue, sales and use tax, will have marginal growth (2.0% in FY 2018-19 and 1.5% in FY 2019-20) as compared to prior years (e.g. FY 2010-11 – 11%, FY 2011-12 – 8% and FY 2013-14 – 10%). These estimates are based on input from the City’s sales tax consultant (HdL), the local business community (auto center and major shopping malls), and economic data (housing costs, UCR Economic Forecasting and Development Center, etc.).



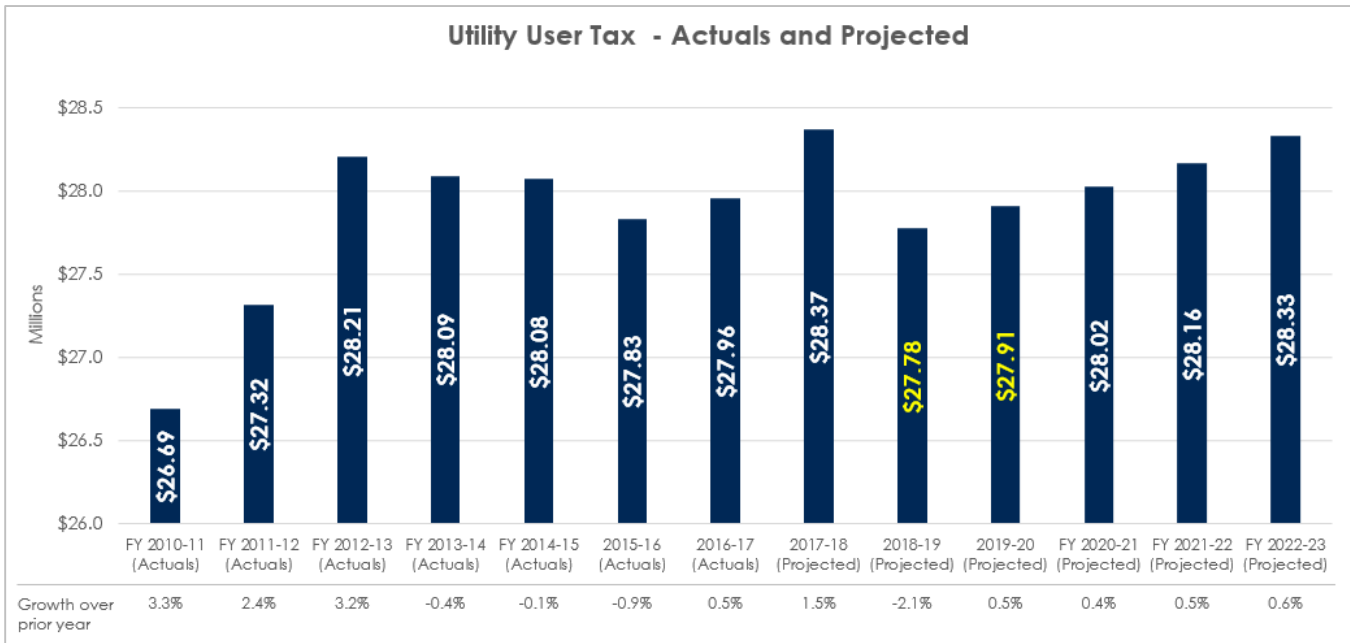
Property Tax

Since the Great Recession, property tax revenues have grown, and are projected to continue to grow, at a steady pace. Staff is projecting 3.7% growth in FY 2018-20. These estimates are based on input from the County of Riverside, real estate professionals (Inland Empire Realtors Association), and economic data (UCR Economic Forecasting and Development Center, etc.). Unlike Orange and Los Angeles counties, the median home prices of Riverside County homes have not reached their pre-recession peaks. Additionally, Riverside County remains relatively affordable, as compared to the same two counties. These two factors, combined with a housing shortage and historically low interest rate environment, should continue to drive home values upwards.



Utility User Tax

Utility user tax revenue has been largely flat since FY 2012-13 (\$28.2 million). Changing consumer demands and an antiquated utility user’s tax ordinance that does not capture satellite TV and other types of services, such as online subscriptions to various TV packages, has limited the City’s ability to experience the revenue growth it used to receive. In FY 2017-18, utility user tax projections were adjusted upward due to an unusually warm summer in 2018, resulting in high water and electric use and related utility user tax revenue. Subsequent years are expected to return to normal weather patterns, and nominal revenue growth of 2% or less is expected from electric and water utility user tax, offset by declining utility user tax revenues from other sources such as telephone.



Transfers to General Fund

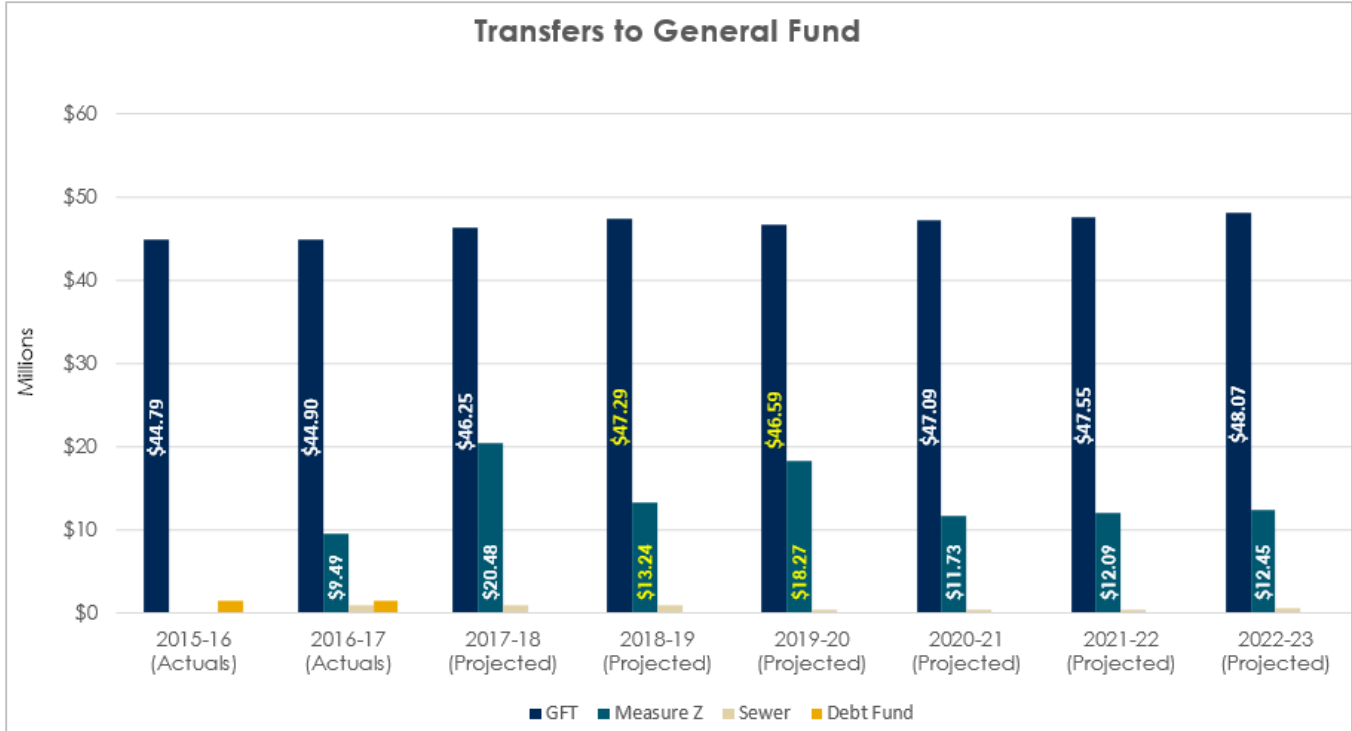
Transfers to the General Fund account for 23% of General Fund revenues and include transfers

from Measure Z, Sewer, and Public Utility funds.

The largest transfer is from the Riverside Public Utility (RPU) revenues. This transfer was included in the adoption of the City’s Charter in 1907 and re-affirmed by City voters in 1968, 1977, and for water in 2013. The General Fund transfer (GFT) from electric and water revenues is currently set at 11.5% of prior year audited revenues. In years of high water and electric use, such as that experienced in the summer of 2018, the effect of the revenue spike will be realized in the following fiscal year – in this case, FY 2018-19 is projected to experience an 8.2% growth. In the following years, weather patterns are projected to normalize, and a growth rate of 1.3% - 2.0% has been projected for fiscal years 2019-20 through 2022-23.

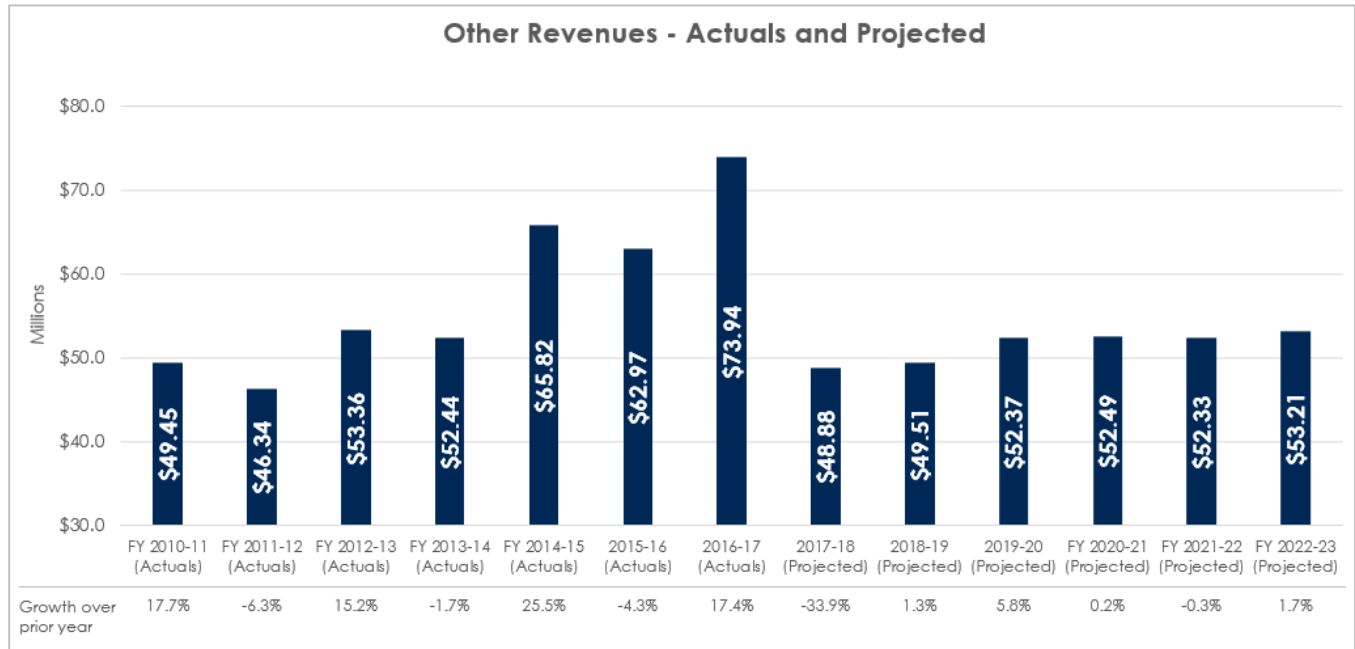
Measure Z transfers are based upon the Measure Z Five-Year Spending Plan, which is discussed in greater detail later in this report. In FY 2016-17 and 2017-18, Measure Z transfers to the General Fund included amounts needed to raise General Fund reserves above 20%, as outlined in the Measure Z Five-Year Spending Plan adopted in May 2017. For FY 2018-19 and FY 2019-20, the amounts allocated in the original spending plan to the General Fund reserve will be used to fund operational expenditures under Measure Z spending item #18 – Funding Gap.

Other items in this category include transfers from the Debt Fund and the Sewer Fund. As of FY 2017-18, debt principal and interest payments are no longer paid directly from the General Fund and recovered through inter-fund transfers. Principal and interest payments are now paid by the funds responsible for the debt (e.g. Enterprise Funds) or the Debt Service Fund (for General Fund debt). The Sewer Fund transfers represent the repayment of sewer-related claims that are initially paid by the General Fund.



Other Revenues

Other revenues include Franchise Fees, Transient Occupancy Tax (TOT), Charges for Services, Licenses and Permits, and other miscellaneous revenues. Prior year revenues were augmented by the sale of City land or buildings and other one-time revenues. Additionally, the activities – and revenues – of Civic Entertainment were moved to the General Fund in FY 2014-15, causing a \$7 - \$11 million increase in Other Revenues for those fiscal years. Revenue from Special Districts have also traditionally been recorded in the General Fund. As of FY 2017-18, both of these items have been moved to a newly established Entertainment Fund and Special District Fund, reducing Other Revenue from FY 2016-17 to FY 2017-18 by approximately \$20 million.



Nominal growth in some categories, such as Transient Occupancy Tax (5% in FY 2018-2019 and 4% in FY 2019-2020) and Charges for Services (2.5% in FY 2018-2019 and FY 2019-2020) is projected for FY 2018-19 / FY 2019-20, based on anticipated economic conditions. A recent Press Enterprise article published on October 25, 2017, provided an update on the economy of Inland Southern California from the UCR Center for Economic Forecast, during its Inland Empire Economic Forecast Conference. According to the article, the Inland Empire has the fastest growing economy in the state; however, overall economic growth is slowing in California, primarily in the coastal communities. Specifically, the article states a projected ...2.5 percent growth for the Inland Empire in the next couple of years. But a labor shortage compounded by a shortage of affordable housing could derail that growth.” Additionally, the UCR Center for Economic Forecasting states, “...the region offers plentiful opportunities for potential residents and businesses. Home prices remain affordable relative to prices in coastal communities. Office, Retail, and Industrial rents make the region an attractive plan for a new or relocating business venture. The availability of land makes the Inland Empire an ideal location to capitalize on future development.”

How Does Riverside Compare to Cities Across the United States?

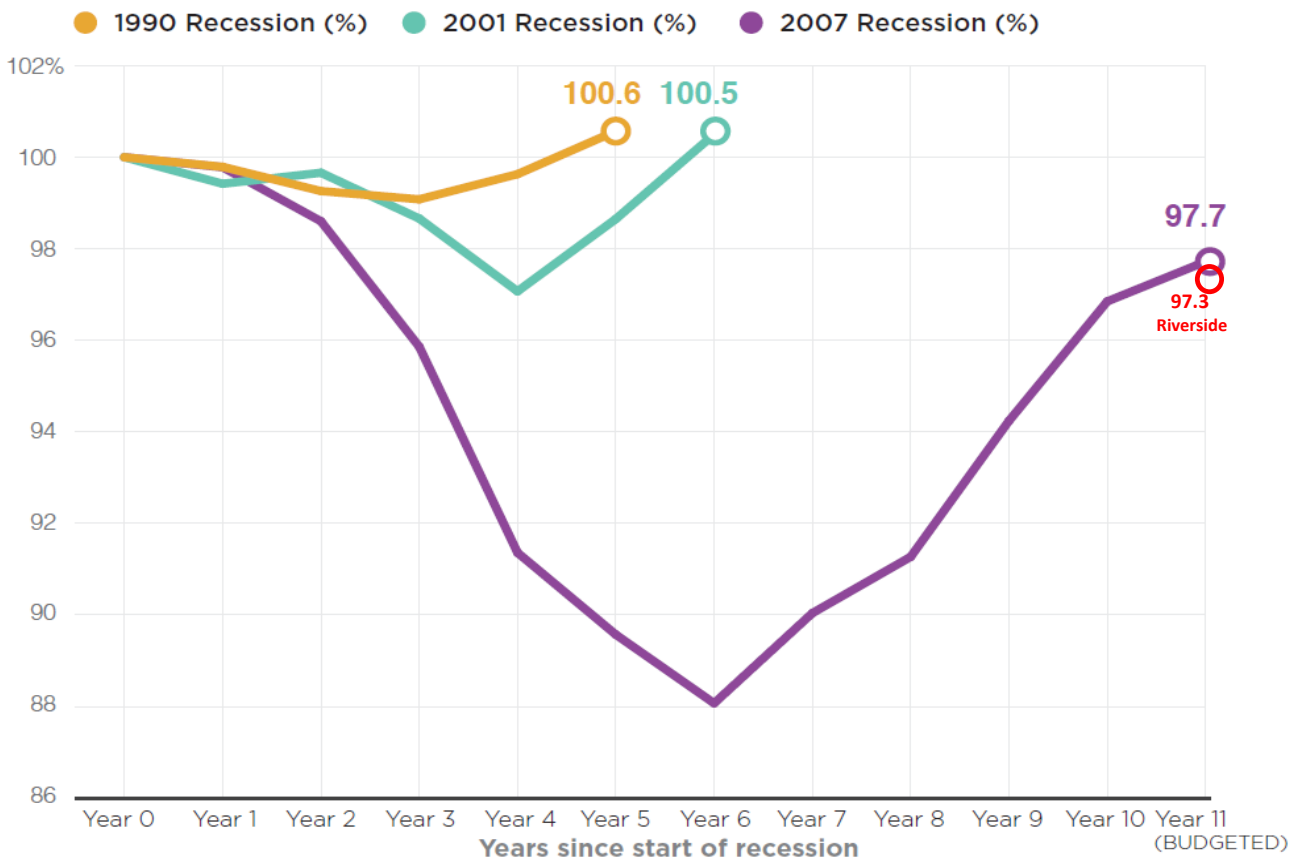
Post-recession trends indicate that revenue growth is starting to slow. A September 12, 2017 article from Governing Magazine highlighted the expectations of fiscal officers from 19,000 local governments across the United States. “According to a National League of Cities (NLC) report...municipal finance officers are expecting minimal growth this year (FY17/18) -- less than 1 percent -- after dealing with slower revenue growth last year (FY 16/17). If that happens, NLC

Research Director Christiana McFarland says it would ‘be the first time we are seeing two consecutive years of slowing growth since the start of the recession.’”

Additionally, the article highlights challenges local agencies face in the changing economy and how the regulatory environment and Internet commerce have limited cities’ ability to accurately predict and buffer against economic downturns. Specifically, “The drastic economic and technological changes occurring in the most recent recovery period, as well over the past 30 years, point to the imperative to re-examine the field’s conventional thinking about the ability of city finances to buffer against economic downturns and to capture revenue growth during periods of economic expansion.”

According to the 2017 City Fiscal Condition Report by the National League of Cities, General Fund revenues of many agencies may not fully recover from the Great Recession. The graph below provides an overview of the past three recessions, comparing how budgeted General Fund revenues recovered before the next recession. While the City has made some major changes to the composition of the General Fund, a general comparison between FY 2007-08 and FY 2017-18 budgeted General Fund revenues, shows the City of Riverside is like most cities across the United States. Specifically, FY 2007-08 General Fund budgeted revenues of \$223 million, adjusted for inflation of 18.1%, would result in estimated General Fund revenues of \$263.3 million in today’s dollars. FY 2017-18 General Fund budgeted revenues, not including Measure Z transfers, are \$256.2 million. This results in a recovery of 97.3% of budgeted revenues since the last recession.

Figure 6 General Fund Revenue Recovery During Recent Recessions



Expenditures

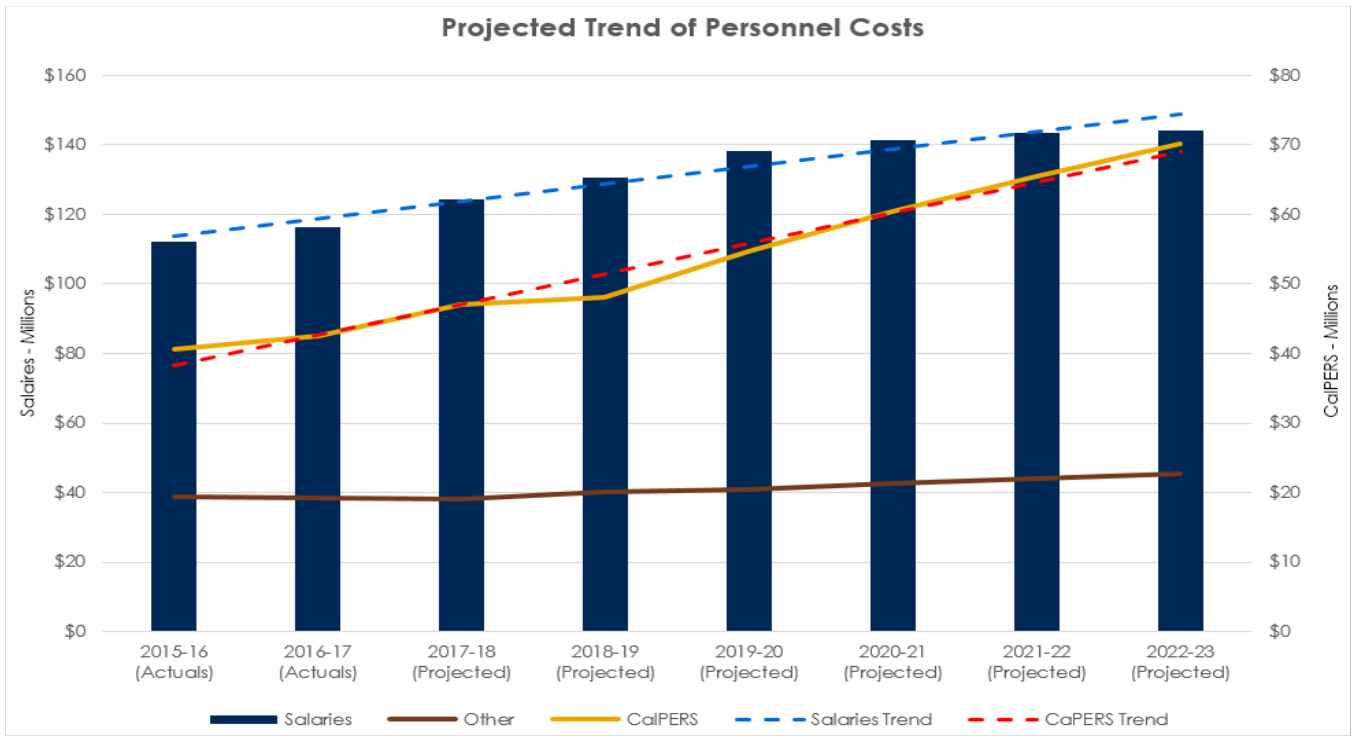
Similar to revenue estimates, staff takes a comprehensive approach to budgeting expenditures. This effort involves City departments in the analysis of their current and projected financial needs, resulting in increased accountability over budget numbers, better analysis of fiscal impacts, and accurately assessing the City's unfunded needs. Additionally, a restructuring of General Fund items, maintaining existing service levels and achievement of Riverside 2.1 strategic initiatives are the primary goals of the FY 2018-20 budget.

Personnel Costs

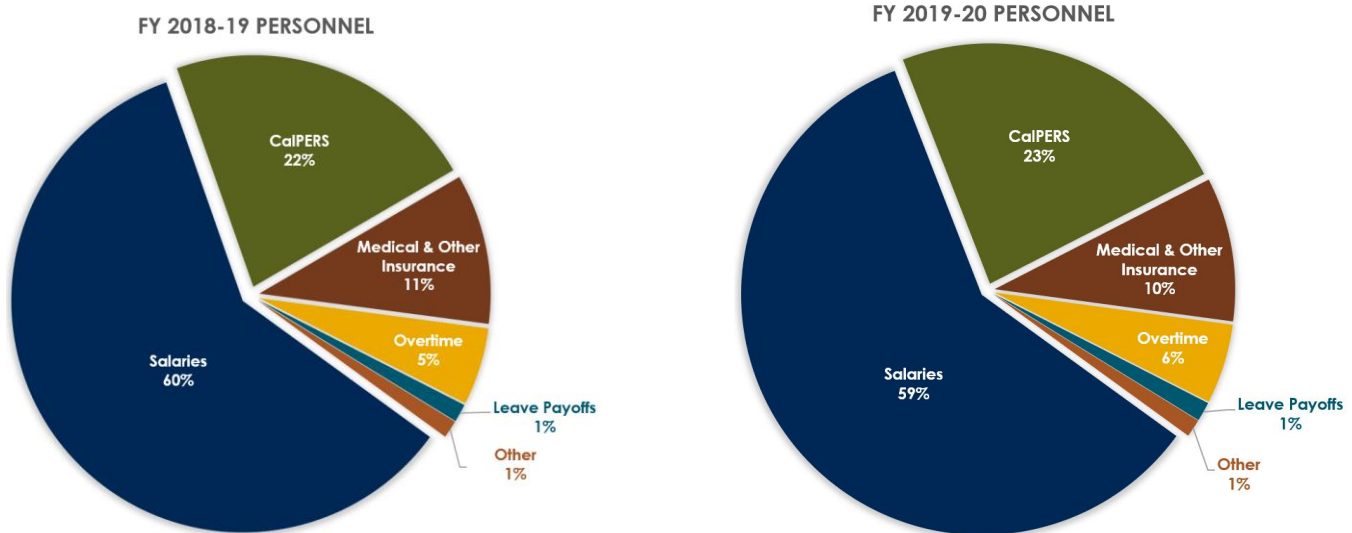
In the FY 2018-20 budget, personnel costs represent approximately 80.5% of total General Fund costs in FY 2018-19 and 82% in FY 2019-20; this is consistent with other full-service cities. Personnel costs are projected to increase approximately 7% annually over the next 5 years, with CalPERS as the largest cost driver. The City has taken steps over the last several years to control personnel and CalPERS costs through union negotiations and expedited pay down of pension obligation bonds. In 2016, the City Council approved Memoranda of Understanding for several City bargaining units that tie pay increases to the performance of the City's key revenue sources, referred as to the Balance Revenue Index (BRI). Salary increases projected in the baseline Five-Year Plan are based upon the projected revenue included in the BRI; increases will vary depending upon the actual performance of those key revenue sources. Also included in the Partnership Compensation Model is a 50/50 cost-sharing of employee health insurance benefits, including any future increases in premiums.

In relation to CalPERS, the City refinanced pension obligation bonds with an accelerated payoff of the principal balance, with the General Fund portion being paid by Measure Z. Between 2011 and 2013, all new City employees were moved to less generous pension plans and required to pay their full share of retirement costs. In addition, in 2017 the City signed long term union contracts that now require all existing employees to fully pay for their retirement. Despite these retirement reforms by the City, the December 2016 action by CalPERS to reduce the projected rate of return on investments (discount rate) significantly increased the City's CalPERS obligations. A change in billing methodology to separate the prior Unfunded Accrued Liability (UAL) from the active member contributions also increased CalPERS payments. Additional information about the CalPERS effect on the City's financial future is available at the City's website and Attachment 3.

Overall, salary costs are projected to level out in 2022-23, while CalPERS obligations continue to grow at a faster pace.

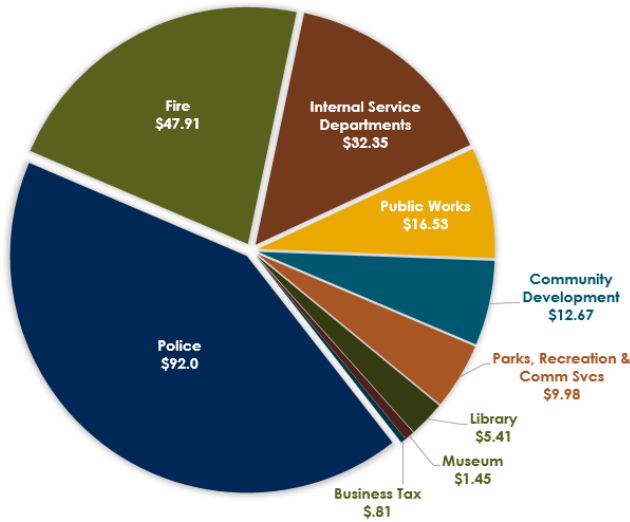


Total General Fund personnel expenditures are anticipated to be \$219.1 million in FY 2018-19 and \$233.9 million in FY 2019-20. The majority of these costs are related to salaries (59-60%) and CalPERS (22-23%). It is anticipated that CalPERS related costs will continue to represent a larger percentage of overall personnel expenditures for the next 10 years.

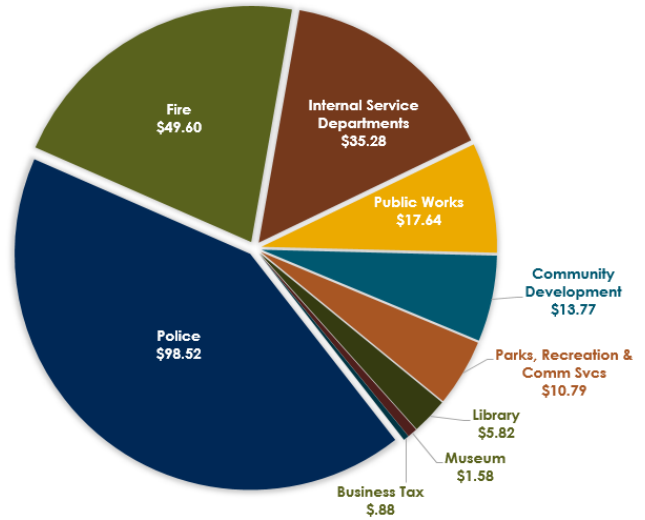


Safety accounts for the majority of total General Fund personnel costs, at a total of \$140 million (64%) in FY 2018-19 and \$148 million (63%) in FY 2019-20. Operating departments, including Public Works, Parks, Recreation and Community Services, Community and Economic Development, Library, and Museum make up 21% of personnel costs in FY 2018-19 and 22% in FY 2019-20. The balance (15% in each fiscal year) is in Internal Service Departments which support City operations and maintain City facilities.

FY 2018-19 PERSONNEL BY DEPARTMENT



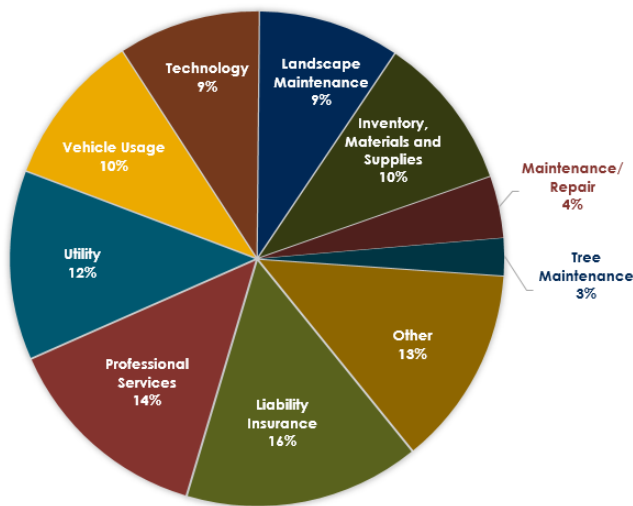
FY 2019-20 PERSONNEL BY DEPARTMENT



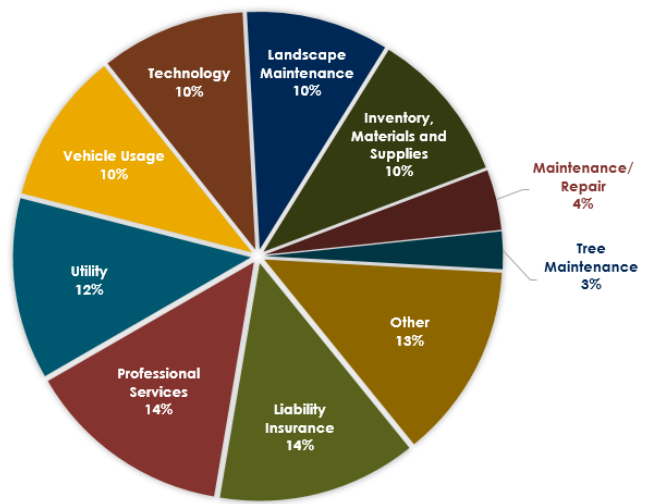
Non-Personnel Costs

Non-Personnel costs represent approximately 19% (\$50.6 million) of all General Fund expenditures in FY 2018-19 and 18% (\$50.8 million) in FY 2019-20. During the FY 2018-20 budget development process, departments were tasked with categorizing non-personnel costs as either discretionary or non-discretionary. Discretionary costs include items that are not essential to core business functions, such as travel, supplies, training, etc. Although reductions of discretionary costs will have an impact on operations, they can be reduced in times of financial stress. Non-discretionary costs are mandated by law, local policies, contractual agreements, or are critical to the operations of the City. Non-discretionary costs include debt obligations, property insurance, utilities, technology licensing and maintenance agreements, other contracted professional services, merchant fees, etc.

FY 18-19 NON-PERSONNEL

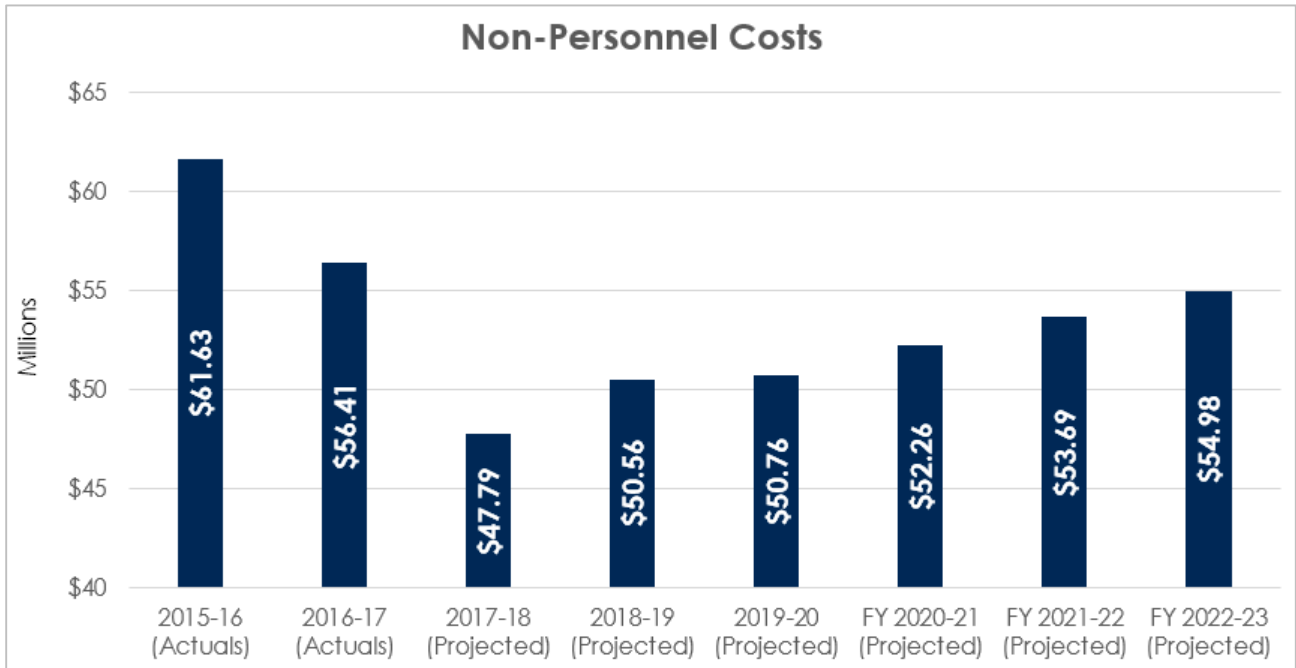


FY 19-20 NON-PERSONNEL



Non-Personnel costs have decreased significantly in past years due to cost-savings efforts and sound fiscal management. Increases in FY 2018-19 as compared to FY 2017-18 are largely

due to higher contributions to the City’s Self-Insurance fund (\$1.5 million) which will increase reserves to prudent funding levels. Anticipated increases in service contracts and supplies based on the Consumer Price Index are also included in the baseline budget, however departments will continue to review non-personnel spending for opportunities to reduce costs.



Special Project Costs

Special project costs represent approximately 3% (\$8 million) of all General Fund expenditures in both FY 2018-19 and FY 2019-20. This category of expenditures includes:

- Costs mandated by the City’s Charter, such as board and commission support costs;
- Programs funded by restricted funding such as cell tower revenues or Public, Educational and Government (PEG) fees;
- The support of various community organizations, City events, and City venues, including the Janet Goeske Center, the Festival of Lights; and
- Management and incentive fees for operators of the Fox Theater, Riverside Municipal Auditorium, and the Convention Center.

Equipment

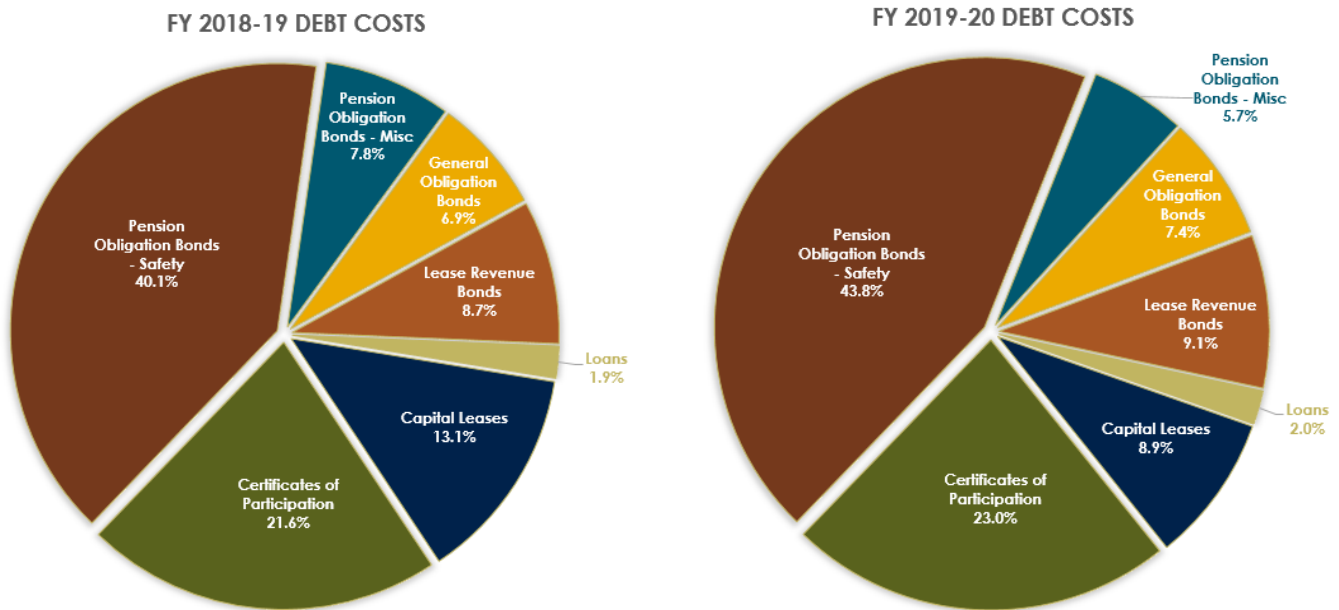
Historically, the General Fund includes minimal equipment funding, a trend that is projected to continue for the foreseeable future. An equipment budget of \$400,000 per year is allocated to facility and maintenance, including furniture and equipment capital leases (\$144K), technology replacement (\$68K), and building and structure improvements (\$188K).

Minor Capital

At approximately \$2 million per year, Minor Capital costs are projected to represent about 1% of all General Fund expenditures in both FY 2018-19 and FY 2019-20. This category of expenditures includes quiet zone maintenance (\$130K), shopping cart retrieval (\$150K), developer agreements (\$1.2 million), and county booking fees (\$200K). The developer agreements category represents tax sharing agreements and other economic development incentives entered into at the time of the Great Recession.

Debt (allocated from 390 Fund)

Debt costs account for 9% of total General Fund spending in FY 2018-19 and 8.1% in FY 2019-20. Pension Obligation Bonds (POBs) make up a majority of General Fund debt: in FY 2018-19 \$9.8 million will be paid toward the 2004 POBs related to Public Safety pensions and \$1.9 million will be paid toward 2005A POBs for the Miscellaneous CalPERS group.



General Fund Cost Plan

The purpose of a cost plan is to allocate costs of internal support departments to other operations. Finance, Human Resources, Innovation and Technology, and General Services departments are classified as “internal service departments” and provide services to the City’s “operating departments,” including, but not limited to, Public Works, Public Utilities, Police, Fire, and Community and Economic Development. Best practices, accounting standards and federal requirements make it necessary for the City to maintain a well-documented cost allocation plan. This plan, in addition to appropriately allocating general and administrative costs in its budget, allows the City to properly identify overhead rates that can be used in the calculation of billable hourly rates for federal and state grants, user fees, and reimbursements from other governmental agencies.

In past years, the finalization of the cost plan has occurred after budget adoption, which creates challenges and potentially impacts various departmental bottom lines. In order to avoid this delay, ensure a comprehensive review and update of all allocation elements, and to save more than \$50,000 per year, the Finance Department has taken over this process from an outside contractor. In conjunction with each budget adoption, the City studies what services are provided by internal service departments to operating departments and allocates costs accordingly. For preparation of the FY 2018-20 budget, the Finance Department met with each internal service department to thoroughly review and update the base elements, such as the number of Purchase Orders issued for the allocation of Purchasing Division Costs.

For the baseline FY 2018-2020 Two-Year Budget, staff anticipates the cost plan to result in a redistribution of costs shown in the table below. As the City progresses through the budget cycle, the cost allocation plan will be refined and adjusted to achieve final allocation amounts for FY 2018-19 and FY 2019-20.

Cost Allocation Redistribution

	FY 18-19	FY 19-20
General Fund	-\$25,518	-\$25,990
Special Revenue Funds	\$613	\$616
Debt Service Fund	\$192	\$194
Capital Project Funds	\$105	\$106
Enterprise Funds	\$21,189	\$21,478
Internal Service Funds	\$3,218	\$3,393
Trust & Agency Funds	\$201	\$202
Net	-	-

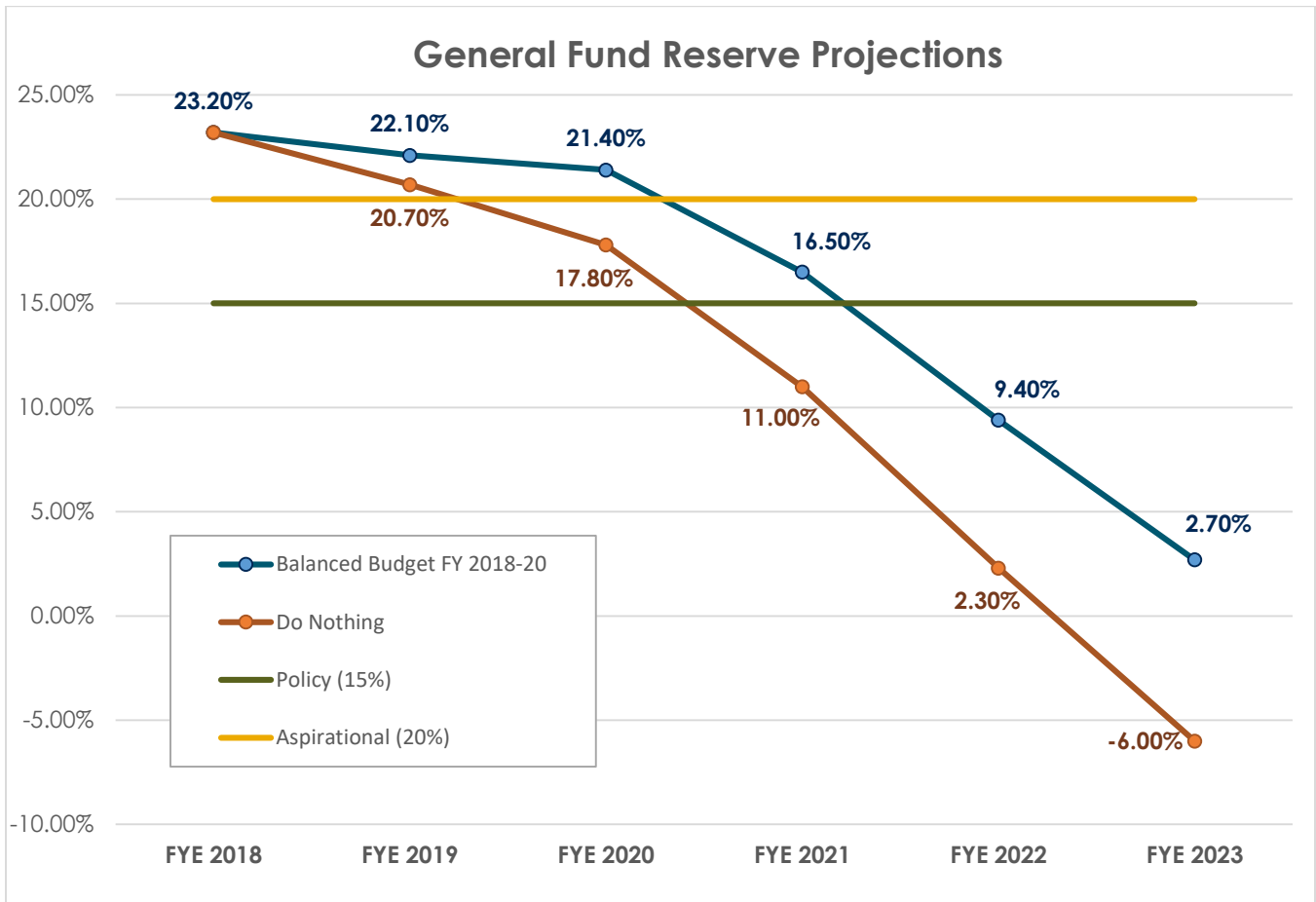
(Amounts expressed in thousands)

Reserves

The City’s General Fund Reserve Policy, adopted by the City Council on September 6, 2016, requires maintaining the General Fund reserve at 15%. The City Council set an aspirational goal of the General Fund Reserve at 20%; this goal was recently reaffirmed through adoption of the Responsible Spending Vision Pledge on October 4, 2016.

Based on the First Quarter Financial Report for FY 2017-18, the General Fund reserve is projected to be \$59 million or approximately 23.2% of operational expenditures by June 30, 2018. This is the result of strong fiscal action taken by the City Council and the City’s Executive Leadership Team during the last two year budget cycle.

The FY 2018-2023 Five-Year plan projects increasing deficits in each fiscal year as expenditures - and most notably CalPERS costs - continue to outpace flattening revenues. By implementing a combination of reductions and efficiencies totaling \$3 million in FY 2018-19 and \$6 million in FY 2019-20, the City is projected to maintain General Fund reserve levels of at least 20%. **Without permanent and ongoing balancing measures, General Fund reserves will be fully depleted in FY 2022-23.** The FY 2018-20 budget will include a combination of cost savings and efficiency measures designed to preserve existing service levels. Reducing FY 2018-20 costs to eliminate the projected deficits will ensure that General Fund reserves are available for future years, if needed.



Analysis of Key Items to Develop Budget Balancing Measures with Minimal Service Impacts:

In developing the FY 2018-20 baseline budgets, City departments were tasked with:

1. Reviewing and reducing discretionary non-personnel costs, including travel, materials and supplies, advertising, and general office expense, as well as eligible professional services.
2. Reviewing and renegotiating contractual services.
3. Permanently implementing cost reductions previously achieved through managed savings.
4. Identifying and recommending opportunities for revenue enhancement.
5. Reviewing subsidies, currently in excess of \$5 million annually, for conformance with Riverside 2.1 goals and objectives. For example, the table below lists General Fund subsidies in excess of \$20,000.

General Fund Subsidies by Major Category

Organization/Event	FY 18-19	FY 19-20
Miscellaneous Subsidies	\$3,041,957	\$3,072,964
Crossing Guards	\$888,731	\$916,006
Festival of Lights*	\$750,000	\$750,000
Janet Goeske Center	\$378,590	\$378,590
Art Organizations Support	\$280,000	\$280,000
Miscellaneous Sponsorships (CEDD - Arts & Cultural Affairs)	\$146,150	\$146,150
Riverside Arts Council	\$98,194	\$98,194
Riverside Go Transit	\$90,000	\$90,000
RCC Pool Maintenance	\$80,000	\$80,000
Fireworks – Mt. Rubidoux & La Sierra	\$68,850	\$72,290
Mission Inn Museum	\$67,104	\$67,104
Keep Riverside Clean (Chamber of Commerce)	\$58,338	\$58,630
Neighborhood Programs	\$53,000	\$53,000
Farmer's Market*	\$38,000	\$38,000
Renaissance BLK – RCCD	\$25,000	\$25,000
Employee City Bus Pass Program	\$20,000	\$20,000
Developer Agreements	\$1,222,000	\$1,433,000
Auto Center	\$411,000	\$413,000
Riverside Plaza	\$411,000	\$420,000
Riverside Community Hospital	\$300,000	\$500,000
Riverside New Car Dealer	\$100,000	\$100,000
Business Improvement Districts	\$300,000	\$300,000
Riverside Auto Center	\$100,000	\$100,000
Arlington	\$100,000	\$100,000
Downtown	\$100,000	\$100,000
Landscape & Lighting Maintenance Districts	\$1,080,000	\$1,080,000
Riverwalk	\$30,000	\$30,000
Street Lighting	\$1,050,000	\$1,050,000
TOTAL	\$5,643,957	\$5,885,964

*Amounts presented before accounting for offsetting revenues

Baseline Assumptions – Measure Z

The collection of the additional one-cent sales tax authorized by voters through Measure Z began on April 1, 2017. After hearing recommended Measure Z spending options from City staff and the Budget Engagement Commission (BEC), on May 16, 2017, the City Council approved the Measure Z Spending Plan for 33 initiatives covering public safety, financial discipline/responsibility, critical operating needs, facility capital needs, quality of life, and technology.

Attachment 2 provides an update on the adopted Measure Z spending plan, any City Council approved amendments, and proposed amounts for the next five years based on direction provided by the City Council. Based on the updated Measure Z Five-Year Spending Plan, it is anticipated that Measure Z will have approximately \$12.5 million in fund balance through FY 2022-23, which is a result of effectively managing expenditures and taking advantage of current interest rates for proposed capital projects.

Revenues

The City began receiving these revenues in May-June 2017, with the anticipated collection of

\$51.5 million in FY 2017-2018. 1% annual increases are assumed for the next five years, consistent with projections for the first two years of the Spending Plan.

Expenditures

The Measure Z Spending Plan has been updated to serve as a baseline budget for FY 2018-23 (Attachment 2). Staff’s projections assume a continuation of the spending priorities defined in the May 2017 adoption of the FY 2016-21 spending plan and include adjustments made to the plan per subsequent City Council action, such as the redirection of Contingency Funds for the Archives for the New Main Library project. Key changes from the initial five-year plan are discussed below, and will be presented for input to the Budget Engagement Commission during the budget development process.

Measure Z Updated 5-Year Spending Plan - Baseline Budget

Spending Category	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	5-Year Projection
Financial Discipline/Responsibili	5,173,554	2,674,489	1,674,489	1,674,478	1,673,062	12,870,072
Public Safety	14,369,254	18,473,489	21,449,855	22,676,696	23,240,317	100,209,612
Critical Operating Needs	15,438,873	20,474,939	12,452,285	12,814,864	13,187,480	74,368,441
Facility Capital Needs	3,954,500	7,751,500	9,583,925	11,034,438	11,034,440	43,358,803
Quality of Life	4,284,500	4,304,975	4,326,474	4,349,047	4,372,750	21,637,746
Technology	2,000,000	2,000,000	2,000,000	1,000,000	1,000,000	8,000,000
Totals	45,220,681	55,679,392	51,487,028	53,549,523	54,508,049	260,444,673
Projected Revenue	52,072,570	52,593,296	53,119,229	53,650,421	54,186,925	265,622,441
Net Revenue/Expenditures	6,851,889	(3,086,096)	1,632,201	100,898	(321,124)	5,177,768
Projected Reserves ¹	14,334,296	11,248,200	12,880,401	12,981,299	12,660,175	12,660,175

¹ Includes June 20, 1028 Projected reserves of \$7,482,407

Financial Discipline/Responsibility

If budget balancing measures are enacted in the General Fund as recommended by staff, General Fund reserves will remain above 20% and Measure Z funding will not be required to support General Fund reserve balances. Contributions to the General Fund are expected to relate only to operating expenditures, as provided for in Spending Item # 18 – Funding Gap. To provide cushion against potential future funding gaps in Measure Z and to address unanticipated expenses, staff is recommending that a Measure Z Spending Contingency (Spending Item #4) be included for FY 2018-19 and FY 2019-20 in the amount of \$1 million each year. Also within the Financial Discipline/Responsibility spending category, estimates have been updated to reflect the actual cost to Measure Z as a result of the refinancing of the interest-only bond anticipation note. The City’s increased bond rating helped to save approximately \$225,000 per year over the initial projections, and \$2.25 million over ten years.

Public Safety

The resounding success of the Police vehicle refurbishment program (Spending Item #12) resulted in an estimated savings of \$2.74 million over four years and eliminated the need for vehicle financing. The baseline budget assumes a continuation of the vehicle refurbishment program with nominal 2% cost increases each year. Spending Item #14 – Fire Vehicle Replacement, has been updated for actual debt service costs. Total estimated savings based on the City’s enhanced financial position and vehicle negotiation is approximately \$700,000. There are no changes to the staffing levels approved in the FY 2016-21 Measure Z Spending Plan; costs for these positions have been extended in the plan through FY 2022-23. The anticipated savings have been reallocated to the Contingency Category.

Critical Operating Needs

In the initial Measure Z Spending Plan, Spending Item # 18 – Funding Gap estimates were based

on a five-year model largely associated with union contracts and a slowing of revenue growth. In the FY 2018-23 baseline, this line item has been updated and extended to FY 2022-23 with 3% annual increases in costs based on historical CPI. No changes were made to other items in this category.

Facility Capital Needs

On October 3, 2017, City Council approved a swap of Main Library and Police Headquarters Measure Z funding of approximately \$10 million. The revised debt service estimate is reflected in the updated plan. Additionally, Spending Item #23a – New Downtown Main Library Archives has been added to reflect City Council's approval to redirect Measure Z Contingency funds of \$1 million toward the construction of archives in conjunction with the New Main Library project. Also in this category, revised debt service estimates for a \$13.7 million Museum Expansion and Rehabilitation project (Spending Item #26) are reflected. On December 19, 2017, the City Council approved a reduction in the estimated costs of this project from \$15 million to \$13.7 million, in order to provide \$1.3 million of funding for the construction of the New Downtown Main Library Archives. Funding for annual deferred maintenance of City facilities (Spending Item #28) has been modified from amounts ranging from \$250,000 to \$1.5 million to a flat \$1 million per year to allow for better project management. The initial \$3.2 million over the three year period of 2018-21 has been extended to a total of \$5 million over five years (FY 2018-23).

Quality of Life

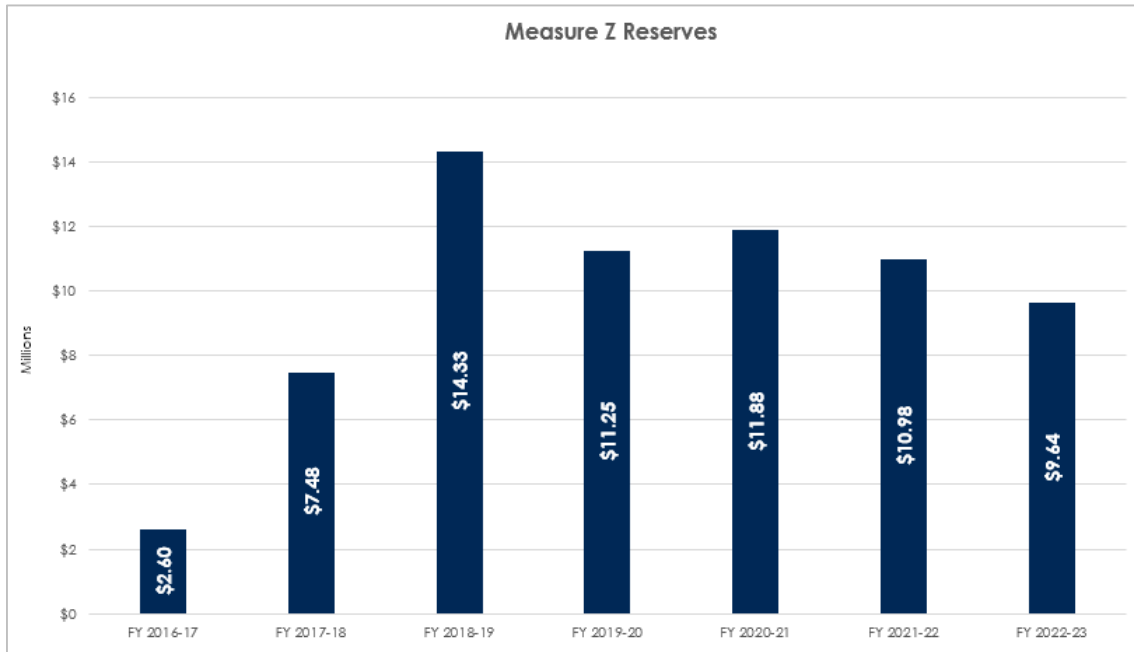
The originally adopted amounts for the Spending Items in these categories was extended through FY 22-23. Staffing levels and related costs remain unchanged.

Technology

The Measure Z FY 2018-2023 baseline budget includes \$1 million in Spending Item # 33 – Technology Projects for future technology projects and needs based on Citywide audit programs and other assessments. Funding may be used for hardware, new software, and cybersecurity. A comprehensive plan for use of funds will be presented to City Council at a later date.

Reserves

The Measure Z fund is expected to end FY 2017-18 with reserves of approximately \$7.5 million. Over the next few years, reserves will fluctuate depending upon the progress of major capital projects such as the New Downtown Main Library, Police Headquarters, and Museum Expansion and Rehabilitation.



Budget Adoption Timeline

Five-Year Financial Plans

In conjunction with the City’s proposed Long-Term Budget Policy, staff will prepare five-year financial plans for the General Fund, Measure Z, Electric Water and Sewer. Staff will be preparing long-term financial plans for Electric, Water, and Sewer and for presentation to the Budget Engagement Commission and City Council by March 2018. These major funds collectively represent approximately 90% of the City’s 2018-2020 Two-Year Budget:

- General Fund: 27.2%
- Measure Z: 4.5%
- Electric: 40.5%
- Water: 7.5%
- Sewer: 7.5%

Public Participation

The FY 2018-2020 Two-Year Budget process will include many of opportunities for public input. During this process, the City will address the financial pressures of a slowing economy and rapidly increasing CalPERS costs, while attempting to limit the impact to services provided to the Riverside community. Additionally, by March 2018, staff will return to the City Council with five-year plans for the Water, Sewer, and Electric funds.

The City Council and staff encourage the residents of Riverside to engage in the budget process by attending public meetings and providing feedback. Community Budget Workshops are scheduled to take place in each Ward between February 7, 2018 and February 15, 2018. Additionally, opportunities to participate in the budget process are available at Budget Engagement Commission meetings in January 2018. Calendar dates, times and locations are posted at www.riversideca.gov. (Attachment 4)

Schedule of Events (Attachment 5)

1. **January:** Baseline budget projections presented to City Council and the Budget Engagement Commission
2. **February:** Community Budget Workshops.
3. **March:** Five-Year Plans for Electric, Water & Sewer presented to City Council and the Budget Engagement Commission
4. **May:** Proposed FY 2016-2018 Biennial Budget presented to City Council in May
5. **June:** Final budget, submitted for City Council adoption

FISCAL IMPACT:

There is no direct fiscal impact through the recommended actions in this report. The City of Riverside has made tremendous financial progress during the FY 2016-2018 Two-Year Budget. Based on the First Quarter Financial Report for FY 2017-18, the new financial foundation for the City has resulted in an estimated General Fund Reserve of \$59 million (23.2%) by June 30, 2018.

The Fiscal Year 2018-2023 Five-Year General Fund Plan projects increasing shortfalls each of the next five-years, largely associated with a flattening of the City's major General Fund revenues and quickly escalating CalPERS costs. By implementing historical managed savings amounts, staff projects the FY 2018-2020 Budget will be mostly balanced.

The FY 2018-2023 Five-Year Five Year Measure Z Plan projects the City will have approximately \$9.6 million in fund balance by FY 2022-23. This amount is in addition to the \$5 million being set aside for other contingencies over the next five years.

Prepared by: Kristie Thomas, Interim Budget Manager
Certified as to
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Approved by: Marianna Marysheva, Assistant City Manager
Approved as to form: Gary G. Geuss, City Attorney

Attachments:

1. 5-Year Financial Plan – General Fund
2. 5-Year Financial Plan – Measure Z
3. CalPERS
4. Public Meetings
5. Budget Timeline
6. Presentation

CITY OF RIVERSIDE
GENERAL FUND
FY 2018-23 FIVE-YEAR PLAN

CATEGORY	DESCRIPTION	2016-17	2017-18	2018-19		2019-20		2020-21		2021-22		2022-23		
		ACTUALS	AMENDED	PRELIM.	%	PRELIM.	%	PROJ.	%	PROJ.	%	PROJ.	%	
PROPERTY TAX	County of Riverside Auditor Controller - Property Tax Division, historical revenues, economic reports from UCR Center for Economic Forecasting	Property Taxes - Current Secured	21,581,968	22,488,411	23,387,947	4.0%	24,323,465	4.0%	25,053,169	3.0%	25,804,764	3.0%	26,578,907	3.0%
	Property Taxes - Successor Agency	4,699,705	4,897,093	5,092,976	4.0%	5,296,695	4.0%	5,455,596	3.0%	5,619,264	3.0%	5,787,842	3.0%	
	Property Taxes In Lieu (Vlf)	26,410,376	27,706,843	28,815,117	4.0%	29,967,721	4.0%	30,866,753	3.0%	31,792,756	3.0%	32,746,538	3.0%	
	Property Taxes - Supplemental	502,529	577,908	583,687	1.0%	589,524	1.0%	595,420	1.0%	601,374	1.0%	607,387	1.0%	
	Property Taxes - Unsecured	963,359	963,359	972,993	1.0%	982,723	1.0%	992,550	1.0%	1,002,475	1.0%	1,012,500	1.0%	
	Property Taxes - Measure "G"	1,739,903	1,739,903	1,739,903	0.0%	1,739,903	0.0%	1,739,903	0.0%	1,739,903	0.0%	1,739,903	0.0%	
	Property Transfer Tax	2,274,013	2,501,414	2,601,471	4.0%	2,705,530	4.0%	2,786,696	3.0%	2,870,296	3.0%	2,956,405	3.0%	
	Library Parcel Tax - Measure "I"	1,354,093	1,354,093	1,354,093	0.0%	1,354,093	0.0%	1,354,093	0.0%	1,354,093	0.0%	1,354,093	0.0%	
TOTAL PROPERTY TAXES		59,525,946	62,229,024	64,548,187	3.7%	66,959,654	3.7%	68,844,179	2.8%	70,784,925	2.8%	72,783,576	2.8%	
SALES TAX	HdL, past history, economic report, car dealerships, large retail centers, federal/state legislation, economic reports from UCR Center for Economic Forecasting	Sales And Use Tax	61,664,322	63,205,930	64,470,049	2.0%	65,437,099	1.5%	66,091,470	1.0%	66,752,385	1.0%	67,419,909	1.0%
	Public Safety 1/2% Sales Tax	1,616,124	1,650,000	1,666,500	1.0%	1,683,165	1.0%	1,699,997	1.0%	1,716,997	1.0%	1,734,167	1.0%	
TOTAL SALES AND USE TAX (NON-MEASURE Z)		63,280,446	64,855,930	66,136,549	2.0%	67,120,264	1.5%	67,791,467	1.0%	68,469,382	1.0%	69,154,076	1.0%	
UTILITY TAX	RPU, past history, legislative changes, technology changes	Utility Users Tax - Electric	16,577,742	16,970,464	16,491,866	-2.8%	16,652,606	1.0%	16,798,782	0.9%	16,970,478	1.0%	17,173,360	1.2%
	Utility Users Tax - Pacific Bell	1,906,683	1,800,000	1,692,000	-6.0%	1,573,560	-7.0%	1,447,675	-8.0%	1,317,384	-9.0%	1,185,646	-10.0%	
	Utility Users Tax - Natural Gas	3,172,272	3,045,000	2,892,750	-5.0%	2,921,678	1.0%	2,950,894	1.0%	2,980,403	1.0%	3,010,207	1.0%	
	Utility Users Tax - So Cal Edison	170,192	170,192	170,192	0.0%	170,192	0.0%	170,192	0.0%	170,192	0.0%	170,192	0.0%	
	Utility Users Tax - Cable Tv	1,459,980	1,503,779	1,548,893	3.0%	1,595,360	3.0%	1,643,220	3.0%	1,692,517	3.0%	1,743,292	3.0%	
	Utility Users Tax - Other Telephone	1,017,587	987,059	957,448	-3.0%	928,724	-3.0%	900,862	-3.0%	873,837	-3.0%	847,621	-3.0%	
	Utility Users Tax - Miscellaneous	661,399	681,000	698,025	2.5%	715,476	2.5%	733,363	2.5%	751,697	2.5%	770,489	2.5%	
	Utility Users Tax - Water	2,992,144	3,213,501	3,326,631	3.5%	3,352,656	0.8%	3,379,358	0.8%	3,406,680	0.8%	3,432,425	0.8%	
TOTAL UTILITY USERS TAX		27,957,999	28,370,996	27,777,804	-2.1%	27,910,251	0.5%	28,024,347	0.4%	28,163,188	0.5%	28,333,233	0.6%	
TOT	City's hoteliers, economic data, historical revenues, economic reports from UCR Center for Economic Forecasting	Transient Occupancy Tax	6,621,721	6,952,807	7,300,447	5.0%	7,592,465	4.0%	7,820,239	3.0%	8,054,846	3.0%	8,296,492	3.0%
TOTAL TRANSIENT OCCUPANCY TAX		6,621,721	6,952,807	7,300,447	5.0%	7,592,465	4.0%	7,820,239	3.0%	8,054,846	3.0%	8,296,492	3.0%	
FRANCH. FEES	Historical revenues, franchisee validation	Franchises	2,727,990	2,673,430	2,619,962	-2.0%	2,646,161	1.0%	2,672,623	1.0%	2,699,349	1.0%	2,726,343	1.0%
	Franchises - Cable Tv	1,294,688	1,320,582	1,346,993	2.0%	1,373,933	2.0%	1,401,412	2.0%	1,429,440	2.0%	1,458,029	2.0%	
	Franchises - Att Cable	791,203	775,379	759,871	-2.0%	744,674	-2.0%	729,780	-2.0%	715,185	-2.0%	700,881	-2.0%	
TOTAL FRANCHISE FEES		4,813,881	4,769,391	4,726,826	-0.9%	4,764,768	0.8%	4,803,815	0.8%	4,843,974	0.8%	4,885,253	0.9%	

CITY OF RIVERSIDE
GENERAL FUND
FY 2018-23 FIVE-YEAR PLAN

CATEGORY	DESCRIPTION	2016-17	2017-18	2018-19		2019-20		2020-21		2021-22		2022-23	
		ACTUALS	AMENDED	PRELIM.	%	PRELIM.	%	PROJ.	%	PROJ.	%	PROJ.	%
NON-DEVELOPMENT LICENSES & PERMITS	Business License Taxes	6,659,761	6,900,000	7,176,000	4.0%	7,463,040	4.0%	7,761,562	4.0%	8,072,024	4.0%	8,394,905	4.0%
	Misc Business License Taxes	20,486	25,000	25,250	1.0%	25,503	1.0%	25,758	1.0%	26,015	1.0%	26,275	1.0%
	Animal Licenses	1,106,813	1,100,000	1,111,000	1.0%	1,122,110	1.0%	1,133,331	1.0%	1,144,664	1.0%	1,156,111	1.0%
	Animal Licenses - City Hall	23,195	24,517	24,762	1.0%	25,010	1.0%	25,260	1.0%	25,513	1.0%	25,768	1.0%
	Residential Kennel Permits	4,500	4,500	4,545	1.0%	4,590	1.0%	4,636	1.0%	4,683	1.0%	4,730	1.0%
	Animal Shelter - County	156	1,000	1,010	1.0%	1,020	1.0%	1,030	1.0%	1,041	1.0%	1,051	1.0%
	Revenue Experts	116,891	100,000	101,000	1.0%	102,010	1.0%	103,030	1.0%	104,060	1.0%	105,101	1.0%
	Penalties - Animal Licenses	7,570	8,000	8,080	1.0%	8,161	1.0%	8,242	1.0%	8,325	1.0%	8,408	1.0%
	Sewer Permits	53,219	50,000	50,500	1.0%	51,005	1.0%	51,515	1.0%	52,030	1.0%	52,551	1.0%
	Massage Permits	37,310	40,000	40,400	1.0%	40,804	1.0%	41,212	1.0%	41,624	1.0%	42,040	1.0%
	Gun Permits	1,728	3,500	3,535	1.0%	3,570	1.0%	3,606	1.0%	3,642	1.0%	3,679	1.0%
	Taxi Permits	16,829	18,000	18,180	1.0%	18,362	1.0%	18,545	1.0%	18,731	1.0%	18,918	1.0%
	Fireworks Display Permit Fee	3,312	3,500	3,535	1.0%	3,570	1.0%	3,606	1.0%	3,642	1.0%	3,679	1.0%
	Uniform Fire Code Inspect. Permt	33,959	35,000	35,350	1.0%	35,704	1.0%	36,061	1.0%	36,421	1.0%	36,785	1.0%
Miscellaneous Permits	655	700	707	1.0%	714	1.0%	721	1.0%	728	1.0%	736	1.0%	
Oversize Load Permits	20,108	25,000	25,250	1.0%	25,503	1.0%	25,758	1.0%	26,015	1.0%	26,275	1.0%	
TOTAL LICENSE AND NON-DEVELOPMENT PERMITS		8,106,492	8,338,717	8,629,104	3.5%	8,930,675	3.5%	9,243,873	3.5%	9,569,159	3.5%	9,907,011	3.5%
GOVERNMENTAL INTERREVENUES	Homeowners Exemption	260,931	260,931	263,540	1.0%	266,176	1.0%	268,837	1.0%	271,526	1.0%	274,241	1.0%
	VLF In Excess	145,459	145,000	145,000	0.0%	145,000	0.0%	145,000	0.0%	145,000	0.0%	145,000	0.0%
	Vehicle Abatement Surcharge	253,250	250,000	250,000	0.0%	250,000	0.0%	250,000	0.0%	250,000	0.0%	250,000	0.0%
	Storm Drain Damage	258,900	-	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
	Police Officers' Training	57,738	60,000	60,000	0.0%	60,000	0.0%	60,000	0.0%	60,000	0.0%	60,000	0.0%
	State Mandate Claims	153,887	150,000	150,000	0.0%	150,000	0.0%	150,000	0.0%	150,000	0.0%	150,000	0.0%
	Code Enforcement Rev Sharing	56,670	52,000	52,000	0.0%	52,000	0.0%	52,000	0.0%	52,000	0.0%	52,000	0.0%
	Revenue From Other Agencies	1,534,669	650,000	650,000	0.0%	650,000	0.0%	650,000	0.0%	650,000	0.0%	650,000	0.0%
TOTAL INTERGOVERNMENTAL REVENUES		2,721,504	1,567,931	1,570,540	0.2%	1,573,176	0.2%	1,575,837	0.2%	1,578,526	0.2%	1,581,241	0.2%

CITY OF RIVERSIDE
GENERAL FUND
FY 2018-23 FIVE-YEAR PLAN

CATEGORY	DESCRIPTION	2016-17	2017-18	2018-19		2019-20		2020-21		2021-22		2022-23	
		ACTUALS	AMENDED	PRELIM.	%	PRELIM.	%	PROJ.	%	PROJ.	%	PROJ.	%
NON-DEVELOPMENT CHARGES FOR SERVICES	Street Replacement Charges	1,786,417	1,804,281	1,849,388	2.5%	1,895,623	2.5%	1,914,579	1.0%	1,933,725	1.0%	1,953,062	1.0%
	Traffic Plan Review	6,746	20,000	20,500	2.5%	21,013	2.5%	21,223	1.0%	21,435	1.0%	21,649	1.0%
	Engineers Misc Receipts	24,434	30,000	30,750	2.5%	31,519	2.5%	31,834	1.0%	32,152	1.0%	32,474	1.0%
	Securing/Boarding Up Of Structures	158,159	160,000	164,000	2.5%	168,100	2.5%	169,781	1.0%	171,479	1.0%	173,194	1.0%
	Demolition Of Structures	23,324	13,000	13,325	2.5%	13,658	2.5%	13,795	1.0%	13,933	1.0%	14,072	1.0%
	Special Police Services	385,832	325,000	333,125	2.5%	341,453	2.5%	344,868	1.0%	348,316	1.0%	351,799	1.0%
	Police Reimb. - Galleria	71,376	71,376	73,160	2.5%	74,989	2.5%	75,739	1.0%	76,497	1.0%	77,262	1.0%
	Emergency Svcs For Dui	202,211	180,000	184,500	2.5%	189,113	2.5%	191,004	1.0%	192,914	1.0%	194,843	1.0%
	Police False Alarm Fees	243,649	260,000	266,500	2.5%	273,163	2.5%	275,894	1.0%	278,653	1.0%	281,440	1.0%
	Police Alarm Registration Fees	17,500	65,000	66,625	2.5%	68,291	2.5%	68,974	1.0%	69,663	1.0%	70,360	1.0%
	Misc Police Receipts	785,514	750,000	768,750	2.5%	787,969	2.5%	795,848	1.0%	803,807	1.0%	811,845	1.0%
	Police - Towing Referral Fee	215,227	190,000	194,750	2.5%	199,619	2.5%	201,615	1.0%	203,631	1.0%	205,667	1.0%
	Police - School Resource Officers	758,506	750,000	768,750	2.5%	787,969	2.5%	795,848	1.0%	803,807	1.0%	811,845	1.0%
	Hazardous Material Disclosure	537,138	550,000	563,750	2.5%	577,844	2.5%	583,622	1.0%	589,458	1.0%	595,353	1.0%
	Fire False Alarm Fees	174,183	90,000	92,250	2.5%	94,556	2.5%	95,502	1.0%	96,457	1.0%	97,421	1.0%
	Misc Fire Receipts	67,027	67,027	68,703	2.5%	70,420	2.5%	71,124	1.0%	71,836	1.0%	72,554	1.0%
	Inspection Fees - Fire Dept	311,720	410,000	420,250	2.5%	430,756	2.5%	435,064	1.0%	439,414	1.0%	443,809	1.0%
	Amr Paramedics Program	1,759,731	1,739,275	1,782,757	2.5%	1,827,326	2.5%	1,845,599	1.0%	1,864,055	1.0%	1,882,696	1.0%
	Street & Alley Repair Fees	1,422	6,500	6,663	2.5%	6,829	2.5%	6,897	1.0%	6,966	1.0%	7,036	1.0%
	Street Sign Repair Fees	6,023	6,500	6,663	2.5%	6,829	2.5%	6,897	1.0%	6,966	1.0%	7,036	1.0%
	Traffic Signal Repairs	52,651	15,000	15,375	2.5%	15,759	2.5%	15,917	1.0%	16,076	1.0%	16,237	1.0%
	Misc Street Receipts	13,343	50,000	51,250	2.5%	52,531	2.5%	53,057	1.0%	53,587	1.0%	54,123	1.0%
	Payment Plan Fee	4,036	45,000	46,125	2.5%	47,278	2.5%	47,751	1.0%	48,228	1.0%	48,711	1.0%
	Fairmount Park Golf Course	398,104	450,000	461,250	2.5%	472,781	2.5%	477,509	1.0%	482,284	1.0%	487,107	1.0%
	Swimming Pool Fees	318,666	341,530	350,068	2.5%	358,820	2.5%	362,408	1.0%	366,032	1.0%	369,693	1.0%
	Street Tree Svc & Damage Chgs	7,130	8,500	8,713	2.5%	8,930	2.5%	9,020	1.0%	9,110	1.0%	9,201	1.0%
	Special Recreation Program Receipts	1,451,987	1,481,000	1,518,025	2.5%	1,555,976	2.5%	1,571,535	1.0%	1,587,251	1.0%	1,603,123	1.0%
	Non-Residential Park Use Fee	13,462	10,000	10,250	2.5%	10,506	2.5%	10,611	1.0%	10,717	1.0%	10,825	1.0%
	Wellness Donations	7,373	7,500	7,688	2.5%	7,880	2.5%	7,958	1.0%	8,038	1.0%	8,118	1.0%
	Misc Park Rentals	1,197,909	1,100,000	1,127,500	2.5%	1,155,688	2.5%	1,167,244	1.0%	1,178,917	1.0%	1,190,706	1.0%
	Misc Park Receipts	46,789	50,000	51,250	2.5%	52,531	2.5%	53,057	1.0%	53,587	1.0%	54,123	1.0%
	Grow Riverside	76,691	76,691	78,608	2.5%	80,573	2.5%	81,379	1.0%	82,193	1.0%	83,015	1.0%
	Miscellaneous Receipts - Fox Theater	4,005,714	-	-	2.5%	-	2.5%	-	1.0%	-	1.0%	-	1.0%
Miscellaneous Receipts - Muni Aud	3,638,883	-	-	2.5%	-	2.5%	-	1.0%	-	1.0%	-	1.0%	
Miscellaneous Receipts - The Box	68,614	-	-	2.5%	-	2.5%	-	1.0%	-	1.0%	-	1.0%	
Miscellaneous Receipts - Showcase	11,043	-	-	2.5%	-	2.5%	-	1.0%	-	1.0%	-	1.0%	
Convention Center Revenue	7,164,784	-	-	2.5%	-	2.5%	-	1.0%	-	1.0%	-	1.0%	
Misc Library Receipts - Printing	82,275	90,000	92,250	2.5%	94,556	2.5%	95,502	1.0%	96,457	1.0%	97,421	1.0%	
TOTAL NON-DEVELOPMENT CHARGES FOR SERVICES		26,095,593	11,213,180	11,493,510	2.5%	11,780,847	2.5%	11,898,656	1.0%	12,017,642	1.0%	12,137,819	1.0%

CITY OF RIVERSIDE
GENERAL FUND
FY 2018-23 FIVE-YEAR PLAN

CATEGORY	DESCRIPTION	2016-17	2017-18	2018-19		2019-20		2020-21		2021-22		2022-23		
		ACTUALS	AMENDED	PRELIM.	%	PRELIM.	%	PROJ.	%	PROJ.	%	PROJ.	%	
DEVELOPMENT FEES AND CHARGES FOR SERVICES	Building Permit Issuance	165,281	155,000	158,875	2.5%	162,847	2.5%	164,475	1.0%	166,120	1.0%	167,781	1.0%	
	Building Permits	1,402,955	1,455,000	1,491,375	2.5%	1,528,659	2.5%	1,543,946	1.0%	1,559,385	1.0%	1,574,979	1.0%	
	Plumbing Permits	17,208	13,000	13,325	2.5%	13,658	2.5%	13,795	1.0%	13,933	1.0%	14,072	1.0%	
	Electrical Permits	47,221	33,000	33,825	2.5%	34,671	2.5%	35,017	1.0%	35,368	1.0%	35,721	1.0%	
	Heating & Air Condition Permit	75,577	42,000	43,050	2.5%	44,126	2.5%	44,568	1.0%	45,013	1.0%	45,463	1.0%	
	Planned Residential Devel.	3,568	32,628	33,444	2.5%	34,280	2.5%	34,623	1.0%	34,969	1.0%	35,319	1.0%	
	Tentative Map Fees	51,267	71,910	73,708	2.5%	75,550	2.5%	76,306	1.0%	77,069	1.0%	77,840	1.0%	
	General Plan Amendment Fees	84,744	48,960	50,184	2.5%	51,439	2.5%	51,953	1.0%	52,473	1.0%	52,997	1.0%	
	Parcel Map/Waiver Fees	108,858	70,000	71,750	2.5%	73,544	2.5%	74,279	1.0%	75,022	1.0%	75,772	1.0%	
	Rezoning Fees	52,545	40,000	41,000	2.5%	42,025	2.5%	42,445	1.0%	42,870	1.0%	43,298	1.0%	
	Conditional Use Permit Fees	181,481	300,000	307,500	2.5%	315,188	2.5%	318,339	1.0%	321,523	1.0%	324,738	1.0%	
	Variance Fees	23,752	15,750	16,144	2.5%	16,547	2.5%	16,713	1.0%	16,880	1.0%	17,049	1.0%	
	Minor Variance Fees	98,533	52,500	53,813	2.5%	55,158	2.5%	55,709	1.0%	56,266	1.0%	56,829	1.0%	
	Planning Plan Check Fee	95,422	100,000	102,500	2.5%	105,063	2.5%	106,113	1.0%	107,174	1.0%	108,246	1.0%	
	Environmental Impact Assessment	42,661	105,000	107,625	2.5%	110,316	2.5%	111,419	1.0%	112,533	1.0%	113,658	1.0%	
	Planning Comm Interpret/Amnd	4,501	45,000	46,125	2.5%	47,278	2.5%	47,751	1.0%	48,228	1.0%	48,711	1.0%	
	Temporary Use Permits	16,308	12,600	12,915	2.5%	13,238	2.5%	13,370	1.0%	13,504	1.0%	13,639	1.0%	
	Economic reports from UCR Center for Economic Forecasting, past revenue, CEDD Activity, other economic data.	Design Review Board	256,118	217,000	222,425	2.5%	227,986	2.5%	230,265	1.0%	232,568	1.0%	234,894	1.0%
	Plot Plan Review Fees	74,880	29,500	30,238	2.5%	30,993	2.5%	31,303	1.0%	31,616	1.0%	31,933	1.0%	
	Street Alley Vacating Fees	3,410	3,000	3,075	2.5%	3,152	2.5%	3,183	1.0%	3,215	1.0%	3,247	1.0%	
	Misc Planning Receipts	68,115	105,000	107,625	2.5%	110,316	2.5%	111,419	1.0%	112,533	1.0%	113,658	1.0%	
	General Plan Surcharge	603,411	366,000	375,150	2.5%	384,529	2.5%	388,374	1.0%	392,258	1.0%	396,180	1.0%	
	Fire Dept - Fire Prevention Plan Ck	99,159	278,800	285,770	2.5%	292,914	2.5%	295,843	1.0%	298,802	1.0%	301,790	1.0%	
	Building Plan Microfilming Fee	234,275	205,000	210,125	2.5%	215,378	2.5%	217,532	1.0%	219,707	1.0%	221,904	1.0%	
	Building Plan Microfilming Fee-Fire	2,714	3,000	3,075	2.5%	3,152	2.5%	3,183	1.0%	3,215	1.0%	3,247	1.0%	
	Plan Checking-Bldg Insp Div	1,189,416	1,450,000	1,486,250	2.5%	1,523,406	2.5%	1,538,640	1.0%	1,554,027	1.0%	1,569,567	1.0%	
	Misc Building Receipts	2,032	1,600	1,640	2.5%	1,681	2.5%	1,698	1.0%	1,715	1.0%	1,732	1.0%	
	Spec Inspectors Applicatn Fee	14,010	14,300	14,658	2.5%	15,024	2.5%	15,174	1.0%	15,326	1.0%	15,479	1.0%	
	Water Quality Management Plan	120,068	20,400	20,910	2.5%	21,433	2.5%	21,647	1.0%	21,864	1.0%	22,082	1.0%	
	Tech Fee - Computronix	222,862	250,000	256,250	2.5%	262,656	2.5%	265,283	1.0%	267,936	1.0%	270,615	1.0%	
	Housemoving Application Fees	200	-	-	2.5%	-	2.5%	-	1.0%	-	1.0%	-	1.0%	
	Grading (Permits) Inspect Fees	28,392	25,000	25,625	2.5%	26,266	2.5%	26,528	1.0%	26,794	1.0%	27,061	1.0%	
	Plan Review Fee	281,603	300,000	307,500	2.5%	315,188	2.5%	318,339	1.0%	321,523	1.0%	324,738	1.0%	
Inspection Fees	947,075	1,000,000	1,025,000	2.5%	1,050,625	2.5%	1,061,131	1.0%	1,071,743	1.0%	1,082,460	1.0%		
Street Tree Plan Check	33,817	18,870	19,342	2.5%	19,825	2.5%	20,024	1.0%	20,224	1.0%	20,426	1.0%		
Sale Of Maps & Diagrams	65	248	254	2.5%	261	2.5%	263	1.0%	266	1.0%	268	1.0%		
Plans And Specification Fees	33	102	105	2.5%	107	2.5%	108	1.0%	109	1.0%	110	1.0%		
Fire Dept - Plan Check-Inspection	394,406	400,000	410,000	2.5%	420,250	2.5%	424,453	1.0%	428,697	1.0%	432,984	1.0%		
After Hours Premium	22,761	25,000	25,625	2.5%	26,266	2.5%	26,528	1.0%	26,794	1.0%	27,061	1.0%		
After Hours Premium	109,737	110,000	112,750	2.5%	115,569	2.5%	116,724	1.0%	117,892	1.0%	119,071	1.0%		
DEVELOPMENT FEES AND CHARGES FOR SERVICES		7,180,441	7,415,168	7,600,547	2.5%	7,790,561	2.5%	7,868,466	1.0%	7,947,151	1.0%	8,026,623	1.0%	

CITY OF RIVERSIDE
GENERAL FUND
FY 2018-23 FIVE-YEAR PLAN

CATEGORY	DESCRIPTION	2016-17	2017-18	2018-19		2019-20		2020-21		2021-22		2022-23		
		ACTUALS	AMENDED	PRELIM.	%	PRELIM.	%	PROJ.	%	PROJ.	%	PROJ.	%	
FORFEITURES	Based on past revenue history	Library Fines	141,653	150,000	150,000	0.0%	150,000	0.0%	150,000	0.0%	150,000	0.0%	150,000	0.0%
		California Vehicle Code Fines	534,116	750,000	787,500	5.0%	811,125	3.0%	835,459	3.0%	860,523	3.0%	886,338	3.0%
		General & Misdemeanor Fines	57,483	70,000	70,000	0.0%	70,000	0.0%	70,000	0.0%	70,000	0.0%	70,000	0.0%
		Red Light Traffic Fines	73,136	-	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
		Vehicle Abatement Fees	21,487	25,000	25,000	0.0%	25,000	0.0%	25,000	0.0%	25,000	0.0%	25,000	0.0%
		Administrative Citation	422,560	350,000	353,500	1.0%	357,035	1.0%	360,605	1.0%	364,211	1.0%	367,854	1.0%
		Administrative Civil Penalties	1,036,783	1,000,000	1,010,000	1.0%	1,020,100	1.0%	1,030,301	1.0%	1,040,604	1.0%	1,051,010	1.0%
		Code Receiverships	(126,898)	(125,000)	(125,000)	0.0%	(125,000)	0.0%	(125,000)	0.0%	(125,000)	0.0%	(125,000)	0.0%
		Code Rehab & Settlements	(24,221)	(25,000)	(25,000)	0.0%	(25,000)	0.0%	(25,000)	0.0%	(25,000)	0.0%	(25,000)	0.0%
		Deferred Revenue	(168,393)	(150,000)	(150,000)	0.0%	(150,000)	0.0%	(150,000)	0.0%	(150,000)	0.0%	(150,000)	0.0%
TOTAL FINES AND FORFEITURES		1,967,706	2,045,000	2,096,000	2.5%	2,133,260	1.8%	2,171,365	1.8%	2,210,338	1.8%	2,250,202	1.8%	
ASSESSMENTS	Based on contractual/legislative requirements	St Lighting Dist Assessment Fee	3,471,944	-	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
		Loving Homes	24,176	-	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
		Village At Canyon Crest	32,310	-	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
		Manheim Riv Mitigation Fee	311,727	311,727	311,727	0.0%	311,727	0.0%	311,727	0.0%	311,727	0.0%	311,727	0.0%
		Weed Destruction Assess	72,020	75,000	75,000	0.0%	75,000	0.0%	75,000	0.0%	75,000	0.0%	75,000	0.0%
		Debris Removal Assessments	122,366	125,000	125,000	0.0%	125,000	0.0%	125,000	0.0%	125,000	0.0%	125,000	0.0%
		Highlander Landscape Maint Dist	86,887	-	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
		Riverwalk Landscape Maint Dist	321,804	-	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
TOTAL SPECIAL ASSESSMENTS		4,443,234	511,727	511,727	0.0%	511,727	0.0%	511,727	0.0%	511,727	0.0%	511,727	0.0%	
MISCELLANEOUS REVENUES	Based on contractual/legislative requirements, past revenue history	All Other Interest (Restricted)	620,720	1,000	1,000	0.0%	1,000	0.0%	1,000	0.0%	1,000	0.0%	1,000	0.0%
		Interfund Loan Revenue - Pob'S	549,638	-	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
		Land & Building Rentals	742,896	750,000	750,000	0.0%	750,000	0.0%	750,000	0.0%	750,000	0.0%	750,000	0.0%
		Land & Building Rentals - Rncda	115,266	115,266	115,266	0.0%	115,266	0.0%	115,266	0.0%	115,266	0.0%	115,266	0.0%
		Land & Building Rentals - Hulen Place	73,042	73,042	73,042	0.0%	73,042	0.0%	73,042	0.0%	73,042	0.0%	73,042	0.0%
		Land & Building Rentals - Prcs	6,000	6,000	6,000	0.0%	6,000	0.0%	6,000	0.0%	6,000	0.0%	6,000	0.0%
		Bldg Leases - Magnolia	730,319	730,000	730,000	0.0%	730,000	0.0%	730,000	0.0%	730,000	0.0%	730,000	0.0%
		Refunds & Rebates	1,225,390	500,000	500,000	0.0%	500,000	0.0%	500,000	0.0%	500,000	0.0%	500,000	0.0%
		Miscellaneous Receipts	2,555,916	2,000,000	2,000,000	0.0%	2,000,000	0.0%	2,000,000	0.0%	2,000,000	0.0%	2,000,000	0.0%
		Miscellaneous Receipts- Attorney	107,699	200,000	200,000	0.0%	200,000	0.0%	200,000	0.0%	200,000	0.0%	200,000	0.0%
		Sponsorships	4,608	5,000	5,000	0.0%	5,000	0.0%	5,000	0.0%	5,000	0.0%	5,000	0.0%
		Peg Revenue	598,457	575,000	575,000	0.0%	575,000	0.0%	575,000	0.0%	575,000	0.0%	575,000	0.0%
		Wellness Program Revenue	11,060	11,060	11,060	0.0%	11,060	0.0%	11,060	0.0%	11,060	0.0%	11,060	0.0%
		Fol Receipts	339,376	350,000	357,000	2.0%	364,140	2.0%	371,423	2.0%	378,851	2.0%	386,428	2.0%
		Shopping Cart Retrieval	63,801	60,000	60,000	0.0%	60,000	0.0%	60,000	0.0%	60,000	0.0%	60,000	0.0%
		Bad Debt Recovery	86,830	75,000	75,000	0.0%	75,000	0.0%	75,000	0.0%	75,000	0.0%	75,000	0.0%
Settlement Recovery	160,420	50,000	50,000	0.0%	50,000	0.0%	50,000	0.0%	50,000	0.0%	50,000	0.0%		
TOTAL MISCELLANEOUS REVENUES		7,991,438	5,501,368	5,508,368	0.1%	5,515,508	0.1%	5,522,791	0.1%	5,530,219	0.1%	5,537,796	0.1%	

CITY OF RIVERSIDE
GENERAL FUND
FY 2018-23 FIVE-YEAR PLAN

CATEGORY	DESCRIPTION	2016-17	2017-18	2018-19		2019-20		2020-21		2021-22		2022-23	
		ACTUALS	AMENDED	PRELIM.	%	PRELIM.	%	PROJ.	%	PROJ.	%	PROJ.	%
OTHER FINANCING SOURCES	Based on contractual/legislative requirements, Real Property Division												
	Sale of Land & Buildings	3,991,400	500,000	-	-100.0%	1,700,000	0.0%	1,000,000	-41.2%	-	-100.0%	-	0.0%
	Sale of Equipment	288	50,000	51,000	2.0%	52,020	2.0%	53,060	2.0%	54,122	2.0%	55,204	2.0%
	Sale of Salvage Materials	618	2,000	2,040	2.0%	2,081	2.0%	2,122	2.0%	2,165	2.0%	2,208	2.0%
	Damage Claim Recoveries	8,633	15,000	15,000	0.0%	15,000	0.0%	15,000	0.0%	15,000	0.0%	15,000	0.0%
TOTAL OTHER FINANCING SOURCES		4,000,939	567,000	68,040	-88.0%	1,769,101	2500.1%	1,070,183	-39.5%	71,286	-93.3%	72,412	1.6%
TOTAL REVENUES		224,707,340	204,338,239	207,967,650	1.8%	214,352,258	3.1%	217,146,946	1.3%	219,752,364	1.2%	223,477,460	1.7%
		7.49%	-0.75%										
TRANSFERS FROM OTHER FUNDS	RPU, Measure Z 5-Year Spending Plan, staff analysis on cost recovery												
	Measure Z (110)	9,488,750	20,482,404	13,238,623	-35.4%	18,266,026	38.0%	11,734,277	-35.8%	12,086,305	3.0%	12,448,894	3.0%
	Electric Fund	39,229,900	40,072,600	40,705,400	1.6%	39,765,300	-2.3%	40,215,000	1.1%	40,615,900	1.0%	41,084,800	1.2%
	Water Fund	5,672,500	6,173,100	6,583,600	6.6%	6,820,000	3.6%	6,874,000	0.8%	6,929,500	0.8%	6,986,100	0.8%
	Sewer Fund	900,000	900,000	900,000	0.0%	463,500	-48.5%	477,405	3.0%	491,727	3.0%	506,479	3.0%
Debt Fund (390)	1,506,388		-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	
TOTAL TRANSFERS-IN FROM OTHER FUNDS		56,797,538	67,628,104	61,427,623	-9.2%	65,314,826	6.3%	59,300,682	-9.2%	60,123,432	1.4%	61,026,273	1.5%
TOTAL REVENUE AND TRANSFERS-IN		281,504,878	\$ 271,966,343	269,395,273	-0.9%	279,667,084	3.8%	276,447,628	-1.2%	279,875,796	1.2%	284,503,734	1.7%

CITY OF RIVERSIDE
GENERAL FUND
FY 2018-23 FIVE-YEAR PLAN

CATEGORY	DESCRIPTION	2016-17	2017-18	2018-19		2019-20		2020-21		2021-22		2022-23		
		ACTUALS	AMENDED	PRELIM.	%	PRELIM.	%	PROJ.	%	PROJ.	%	PROJ.	%	
PERSONNEL	Based on Partnership Compensation Model and Memorandums of Understanding	Salaries	116,164,600	124,181,747	130,666,381	5.2%	138,237,737	5.8%	141,479,646	2.3%	143,438,269	1.4%	144,252,465	0.6%
		Overtime	12,810,722	11,079,376	11,848,624	6.9%	12,540,639	5.8%	12,938,993	3.2%	13,109,544	1.3%	13,151,712	0.3%
		Payoffs	3,970,712	2,414,840	2,778,728	15.1%	3,032,360	9.1%	3,335,596	10.0%	3,669,157	10.0%	4,036,075	10.0%
		CalPERS	42,490,183	47,119,918	48,126,973	2.1%	54,618,084	13.5%	60,331,986	10.5%	65,534,244	8.6%	70,152,671	7.0%
		Medical and Other Insurance	19,047,352	21,943,193	22,980,512	4.7%	22,648,049	-1.4%	23,656,926	4.5%	24,507,635	3.6%	25,185,305	2.8%
		Other	2,467,456	2,578,066	2,700,410	4.7%	2,802,959	3.8%	2,864,406	2.2%	2,897,616	1.2%	2,911,973	0.5%
		TOTAL PERSONNEL	196,951,024	209,317,140	219,101,628	4.7%	233,879,828	6.7%	244,607,553	4.6%	253,156,465	3.5%	259,690,201	2.6%
NON-PERSONNEL	Includes increases based on historical CPI, internal policies, and historical trends	Advertising		270,600	278,719	3.0%	287,079	3.0%	295,693	3.0%	304,564	3.0%	313,701	3.0%
		Employee Parking		200,000	200,000	0.0%	200,000	0.0%	200,000	0.0%	200,000	0.0%	200,000	0.0%
		Equipment and Building Rentals		1,062,571	1,094,449	3.0%	1,127,283	3.0%	1,161,101	3.0%	1,195,934	3.0%	1,231,812	3.0%
		General Office Expense		1,454,263	1,483,356	2.0%	1,512,932	2.0%	1,543,138	2.0%	1,573,946	2.0%	1,605,373	2.0%
		Insurance		669,063	682,444	2.0%	696,093	2.0%	710,015	2.0%	724,215	2.0%	738,700	2.0%
		Landscape Maintenance		4,461,679	4,684,763	5.0%	4,919,002	5.0%	5,164,951	5.0%	5,423,199	5.0%	5,694,359	5.0%
		Liability Insurance		6,256,161	7,806,960	24.8%	6,858,411	-12.2%	7,229,385	5.4%	7,419,104	2.6%	7,419,104	0.0%
		Maintenance/Repair		2,004,847	2,044,564	2.0%	2,085,446	2.0%	2,127,150	2.0%	2,169,693	2.0%	2,213,081	2.0%
		Materials and Supplies		1,637,520	1,684,723	2.9%	1,717,625	2.0%	1,751,188	2.0%	1,785,410	2.0%	1,820,319	2.0%
		Meeting, Travel and Training		1,147,188	1,193,446	3.5%	1,229,266	3.0%	1,266,150	3.0%	1,304,134	3.0%	1,343,268	3.0%
		Merchant Fees		1,371,900	1,371,900	0.0%	1,371,900	0.0%	1,371,900	0.0%	1,371,900	0.0%	1,371,900	0.0%
		Non-Office Inventory		1,927,136	1,984,953	3.0%	2,044,502	3.0%	2,105,839	3.0%	2,169,014	3.0%	2,234,084	3.0%
		Outside Legal Counsel		192,000	195,840	2.0%	199,758	2.0%	203,753	2.0%	207,828	2.0%	211,985	2.0%
		Professional Services		6,738,578	6,961,772	3.3%	7,096,826	1.9%	7,166,250	1.0%	7,305,484	1.9%	7,447,482	1.9%
		Recreation Services		884,726	902,421	2.0%	920,470	2.0%	938,881	2.0%	957,659	2.0%	976,812	2.0%
		Technology - Licenses, Maintenance and Supplies		4,454,555	4,708,822	5.7%	4,978,052	5.7%	5,263,435	5.7%	5,565,939	5.7%	5,886,602	5.8%
		Tree Maintenance		1,174,012	1,232,713	5.0%	1,294,348	5.0%	1,359,066	5.0%	1,427,019	5.0%	1,498,370	5.0%
		Uniform Total		676,122	696,408	3.0%	717,307	3.0%	738,822	3.0%	760,987	3.0%	783,816	3.0%
Utility Total		6,265,654	6,265,794	0.0%	6,265,795	0.0%	6,266,794	0.0%	6,266,794	0.0%	6,266,794	0.0%		
Vehicle Usage		4,941,129	5,088,958	3.0%	5,241,624	3.0%	5,398,875	3.0%	5,560,842	3.0%	5,727,673	3.0%		
TOTAL NON-PERSONNEL	56,412,590	47,789,704	50,563,004	5.8%	50,763,718	0.4%	52,262,386	3.0%	53,693,665	2.7%	54,985,235	2.4%		

CITY OF RIVERSIDE
GENERAL FUND
FY 2018-23 FIVE-YEAR PLAN

CATEGORY	DESCRIPTION	2016-17	2017-18	2018-19		2019-20		2020-21		2021-22		2022-23	
		ACTUALS	AMENDED	PRELIM.	%	PRELIM.	%	PROJ.	%	PROJ.	%	PROJ.	%
SPECIAL PROJECTS	Animal Control	2,900,990	3,267,704	3,333,058	2.0%	3,399,719	2.0%	3,467,714	2.0%	3,537,068	2.0%	3,607,809	2.0%
	Fiscal Management	29,673	62,866	500,000	695.3%	500,000	0.0%	500,000	0.0%	500,000	0.0%	500,000	0.0%
	CMO Audit Program	282,869	450,000	550,000	22.2%	577,500	5.0%	606,375	5.0%	636,694	5.0%	668,528	5.0%
	Community Prosecutor	149	500,000	500,000	0.0%	500,000	0.0%	500,000	0.0%	500,000	0.0%	500,000	0.0%
	PEG Exp	472,709	400,000	400,000	0.0%	400,000	0.0%	400,000	0.0%	400,000	0.0%	400,000	0.0%
	Janet Goeske Center	378,590	378,590	378,590	0.0%	378,590	0.0%	378,590	0.0%	378,590	0.0%	378,590	0.0%
	Art Organizatn Special Support	280,000	280,000	280,000	0.0%	280,000	0.0%	280,000	0.0%	280,000	0.0%	280,000	0.0%
	Festival of Lights	525,084	425,000	550,000	29.4%	577,500	5.0%	606,375	5.0%	636,694	5.0%	668,528	5.0%
	Sponsorships	123,334	146,150	146,150	0.0%	146,150	0.0%	146,150	0.0%	146,150	0.0%	146,150	0.0%
	One-Time Projects	207,964	500,000	-	-100.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
	Entertainment	9,617,538	86,000	55,000	-36.0%	55,000	0.0%	55,000	0.0%	55,000	0.0%	55,000	0.0%
	Special Districts	205,949	-	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Other	1,832,131	1,579,513	1,324,513	-16.1%	1,324,513	0.0%	1,324,513	0.0%	1,324,513	0.0%	1,324,513	0.0%	
TOTAL SPECIAL PROJECTS		16,856,978	8,075,823	8,017,311	-0.7%	8,138,972	1.5%	8,264,717	1.5%	8,394,708	1.6%	8,529,119	1.6%
EQUIP.	One-year increase to acknowledge increasing facility maintenance needs												
	Equipment and Facilities Maintenance	361,642	361,642	400,000	10.6%	400,000	0.0%	400,000	0.0%	400,000	0.0%	400,000	0.0%
TOTAL EQUIP AND CAPITAL OUTLAY		361,642	361,642	400,000	10.6%	400,000	0.0%	400,000	0.0%	400,000	0.0%	400,000	0.0%
MINOR CAPITAL	Increases in Developer Fees												
	Developer Fees, County Booking, Quiet Zone	2,738,265	1,716,971	1,888,284	10.0%	2,099,284	11.2%	2,099,284	0.0%	2,099,284	0.0%	2,099,284	0.0%
MINOR CAPITAL		2,738,265	1,716,971	1,888,284	10.0%	2,099,284	11.2%	2,099,284	0.0%	2,099,284	0.0%	2,099,284	0.0%
DEBT SERVICE	2003 General Obligation Bonds - Measure G Fire		1,654,298	1,687,435	2.0%	1,725,716	2.3%	1,753,455	1.6%	1,781,363	1.6%	1,788,800	0.4%
	2004 Pension Obligation Bonds (POBs) - Safety		9,437,526	9,792,824	3.8%	10,159,786	3.7%	10,540,170	3.7%	10,935,437	3.8%	11,346,756	3.8%
	2005A Pension Obligation Bonds (POBs) - Misc		1,796,666	1,893,493	5.4%	1,327,224	-29.9%	-	-100.0%	-	0.0%	-	0.0%
	2008 Certificates of Participation (COPs)		5,230,083	5,265,144	0.7%	5,323,220	1.1%	5,326,199	0.1%	5,283,281	-0.8%	5,269,375	-0.3%
	2012A Lease Revenue Bonds		2,120,094	2,118,321	-0.1%	2,118,321	0.0%	2,118,986	0.0%	2,116,421	-0.1%	2,118,036	0.1%
	2012 Pinnacle Public Finance - Tequesquite Park		467,115	467,115	0.0%	467,115	0.0%	467,115	0.0%	467,115	0.0%	-	-100.0%
	2012 Pinnacle Lease No. 2 - VOIP		186,388	186,388	0.0%	186,388	0.0%	186,388	0.0%	186,388	0.0%	93,194	-50.0%
	2013 Chase - Vehicle Refinancing, RMS, Dispatch, Dox		600,905	600,905	0.0%	-	-100.0%	-	0.0%	-	0.0%	-	0.0%
	2013 Chase - Refinance PD Helicopter		236,554	236,554	0.0%	-	-100.0%	-	0.0%	-	0.0%	-	0.0%
	2013 Pinnacle No. 4 - P.S. Vehicle, IT Servers. Video		610,428	305,214	-50.0%	-	-100.0%	-	0.0%	-	0.0%	-	0.0%
	2013 BofA No. 1. FF&E Conv, Fox, Mus, PD (PD Portion)		30,499	30,499	0.0%	30,499	0.0%	30,499	0.0%	-	-100.0%	-	0.0%
	2014 US Ban Corp No. 1 PS Vehicles, IT Equip		739,224	739,224	0.0%	739,224	0.0%	739,224	0.0%	739,224	0.0%	-	-100.0%
2016 BofA No. 2. PD IT / Permitting System		1,095,619	1,095,619	0.0%	1,095,619	0.0%	1,095,619	0.0%	1,095,619	0.0%	1,095,619	0.0%	
TOTAL DEBT SERVICE		21,413,160	24,205,400	24,418,736	0.9%	23,173,113	-5.1%	22,257,655	-4.0%	22,604,848	1.6%	21,711,780	-4.0%

CITY OF RIVERSIDE
GENERAL FUND
FY 2018-23 FIVE-YEAR PLAN

CATEGORY	DESCRIPTION	2016-17	2017-18	2018-19		2019-20		2020-21		2021-22		2022-23	
		ACTUALS	AMENDED	PRELIM.	%	PRELIM.	%	PROJ.	%	PROJ.	%	PROJ.	%
C H A R G E S F E R S A N D T R A N S F E R S	Special Districts & Entertainment												
	MOVED to new funds												
	FY 2017-18. Preliminary Cost Allocation Plan and Utilization Charges; amounts will be adjusted as departments' budgets are finalized.												
	Charges to General Fund Cost Plan / Utilization	(112,925,241)	(82,878,139)	(84,031,720)	1.4%	(85,102,941)	1.1%	(89,530,177)	5.2%	(92,324,220)	3.1%	(93,919,807)	1.7%
	Charges From General Fund Cost Plan / Utilization	87,603,899	41,418,231	42,621,144	2.9%	42,766,899	0.3%	45,137,179	5.5%	48,097,041	6.6%	47,505,729	-1.2%
	Transfer to Special Districts	-	1,074,263	1,106,491	3.0%	1,139,686	3.0%	1,173,876	3.0%	1,209,092	3.0%	1,245,365	3.0%
	Transfer to Enterprise Fund - Conv Center, RCVB, Sports	-	4,739,657	4,739,657	0.0%	4,739,657	0.0%	4,739,657	0.0%	4,739,657	0.0%	4,739,657	0.0%
Transfer to Enterprise Fund - Fox And Muni	-	3,275,096	3,275,096	0.0%	3,275,096	0.0%	3,275,096	0.0%	3,275,096	0.0%	3,275,096	0.0%	
Transfer to Self-Insurance Fund	2,500,000	-	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	
Transfer to Facility Improvements	1,280,000	-	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	
TOTAL CHARGES TO/FROM AND TRANSFERS		(21,541,342)	(32,370,892)	(32,289,332)	-0.3%	(33,181,603)	2.8%	(35,204,369)	6.1%	(35,003,334)	-0.6%	(37,153,960)	6.1%
M S V G	Recommended Budget Reductions		(4,675,000)	(3,000,000)	-35.8%	(6,000,000)	100.0%	(6,000,000)	0.0%	(6,000,000)	0.0%	(6,000,000)	0.0%
	TOTAL MANAGED SAVINGS/REDUCTIONS NEEDED	-	(4,675,000)	(3,000,000)	-35.8%	(6,000,000)	100.0%	(6,000,000)	0.0%	(6,000,000)	0.0%	(6,000,000)	0.0%
TOTAL EXPENDITURES AND TRANSFERS-OUT		273,192,317	\$ 254,420,788	269,099,630	5.8%	279,273,312	3.8%	288,687,226	3.4%	299,345,636	3.7%	304,261,659	1.6%
R S R V	Beginning Cash Balance	\$ 33,185,259	\$ 41,497,820	59,043,375	42.3%	59,339,017	0.5%	59,732,790	0.7%	47,493,192	-20.5%	28,023,352	-41.0%
	Surplus/Deficit	8,312,561	17,545,555	295,643	-98.3%	393,772	33.2%	(12,239,598)	-3208.3%	(19,469,840)	59.1%	(19,757,926)	1.5%
	Ending Fund Balance	41,497,820	59,043,375	59,339,017	0.5%	59,732,790	0.7%	47,493,192	-20.5%	28,023,352	-41.0%	8,265,426	-70.5%
	RESERVE	15.2%	23.2%	22.1%	-5.0%	21.4%	-3.0%	16.5%	-23.1%	9.4%	-43.1%	2.7%	-71.0%

DESCRIPTION	2016-17	2017-18	2018-19		2019-20		2020-21		2021-22		2022-23	
	ACTUAL	ESTIMATED	PRELIM.	%	PRELIM.	%	PROJ.	%	PROJ.	%	PROJ.	%
Managed Savings/Reductions	(5,425,000)	(4,675,000)	295,643	106.4%	393,772	0.0%	(12,239,598)	0.0%	(19,469,840)	0.0%	(19,757,926)	0.0%
Reserve (w/ cuts)	15.2%	23.2%	22.1%		21.4%		16.5%		9.4%		2.7%	
Managed Savings/Reductions as Percentage of Operating Budget	-2.2%	-2.0%	-1.2%		-2.3%		-2.2%		-2.1%		-2.1%	

Updated Measure Z Spending Plan
FY 2018-2023 Baseline Projections

City Council Approved Items	Funding Request	Category	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Measure Z Spending Plan (7-Year Totals)	Overview of Item	Changes From Adopted 5-Year Plan
			FY 2016/17 Actuals	FY 2017/18 1st Quarter	FY 2018/19 Projected	FY 2019/20 Projected	FY 2020/21 Projected	FY 2021/22 Projected	FY 2022/23 Projected			
1	20% General Fund Reserve	Financial Discipline/Responsibility	\$ 5,549,224	\$ 15,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,549,224	Provide funding to increase General Fund Reserve to a Minimum of 15%, with an aspirational goal of 20%.	Based on FY 2017-18 First Quarter Report, estimated General Fund Reserve will exceed 20%; General Fund support from Measure Z will be related to operating expenditures (Item 18).
2	Payoff of the Balloon \$32 million Pension Obligation Bond	Financial Discipline/Responsibility	\$ -	\$ 1,675,000	\$ 1,673,554	\$ 1,674,489	\$ 1,674,489	\$ 1,674,478	\$ 1,673,062	\$ 10,045,072	Refinance of interest only bond anticipation note (BAN) into a fixed rate pension obligation bond (POB). The revised 10-year financing reflects approximately \$40 million in total principal and interest payments. The total amounts presented are the General Fund portion only. Issued June 2017.	Estimates updated to reflect actual cost to Measure Z as a result of the financing. The City's increased bond rating helped save approximately \$225,000 per year over the projections; \$2,250,000 over 10-years.
3	Funding for Workers Comp and General Liability	Financial Discipline/Responsibility	\$ -	\$ 2,500,000	\$ 2,500,000	\$ -	\$ -	\$ -	\$ -	\$ 5,000,000	Contribution to increase Self-Insurance Reserve.	No changes. City Council adopted a policy in November 2017 to increase the Self-Insurance Reserve from 32% to 50% by June 30, 2020.
4	Measure Z Spending Contingency	Financial Discipline/Responsibility	\$ -		\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 5,000,000	As a new sales tax, Measure Z revenues will take between 6-12 months take shape. Amounts can cover either an overage in expense or a decrease in revenue.	On December 19, 2017, the City Council approved a redirection of Contingency Funds for FY 2017/18 and FY 2018/19 for Archives for the New Main Library project (23a). Through effective use of Measure Z funding and better than anticipated interest rates, the City is able to reinstate the Measure Z Spending Contingency. As the economic future is unclear, staff is requesting that Measure Z Contingency be included for each year.
5	Additional Sworn Police Positions	Public Safety	\$ -	\$ 3,700,000	\$ 6,500,000	\$ 8,800,000	\$ 11,000,000	\$ 12,100,000	\$ 13,310,000	\$ 55,410,000	Year 2: Add back 17 sworn officers reduced during FY 2016-18 Two-Year Budget Year 3: Add 16 additional officers Year 4: Add 14 additional officers Year 5: Add 13 additional officers * 60 total sworn positions; all positions have an estimated 5% annual increase for salaries, benefits, etc.	No changes to number of officers. 10% annual increase estimated in FY 2021-2023 for Salaries and CalPERS.
6	Public Safety Non-Sworn Positions and Recruitment Costs	Public Safety	\$ -	\$ 903,500	\$ 1,040,408	\$ 1,070,778	\$ 1,127,321	\$ 1,240,054	\$ 1,364,059	\$ 6,746,120	<u>Civilian</u> : Year 2: Add back all non-sworn FY 2016-18 Two-Year Budget Reductions, including records specialist (2), sr. office specialist (2), assistant range master (0.75), sr. police records specialist (2), background investigator (1.25), custodian (1), general service worker (1), office specialist (1) * 11 total civilian (non-dispatchers); all positions have an estimated 3% annual increase for salaries, benefits, etc. <u>Recruitment</u> : Includes vacation bank accruals and testing/background expenditures. <u>HR Analyst</u> : Total salary and benefits - based on existing position. Final amounts may differ based on starting salary and CalPERS tier. Current costs anticipated 5% annual increases	No changes to number of non-sworn staff. 10% cost increases in FY 2021-2023 for salaries and CalPERS.
7	Police Officer Lateral Hire Incentives and Recruitment Costs	Public Safety	\$ -	\$ -	\$ 344,360	\$ 344,360	\$ 344,360	\$ 354,691	\$ 365,332	\$ 1,753,102	Includes hiring and retention bonuses, vacation bank accruals, and testing/background expenditures.	No changes in program. 3% program cost increases in FY 2021-2023 based on CPI.

Updated Measure Z Spending Plan
FY 2018-2023 Baseline Projections

City Council Approved Items	Funding Request	Category	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Measure Z Spending Plan (7-Year Totals)	Overview of Item	Changes From Adopted 5-Year Plan
			FY 2016/17 Actuals	FY 2017/18 1st Quarter	FY 2018/19 Projected	FY 2019/20 Projected	FY 2020/21 Projected	FY 2021/22 Projected	FY 2022/23 Projected			
8	Additional Dispatchers	Public Safety	\$ -	\$ 260,000	\$ 480,000	\$ 705,000	\$ 930,000	\$ 976,500	\$ 1,025,325	\$ 4,376,825	Year 2: Add 3 additional dispatchers Year 3: Add 2 additional dispatchers Year 4: Add 2 additional dispatchers Year 5: Add 2 additional dispatchers * 9 total dispatchers are all net "new" positions; all positions have an estimated 5% annual increase for salaries, benefits, etc.	No changes in number of dispatchers. 5% cost increases in FY 2021-2023.
9	Reinstatement of Fire Squad	Public Safety	\$ 450,000	\$ 792,798	\$ 832,438	\$ 874,060	\$ 917,763	\$ 1,009,539	\$ 1,110,493	\$ 5,987,091	Approved by City Council in December 2016. Estimates include 5% annual increases (salaries, benefits, etc.).	No changes in staffing of Fire Squad. 10% cost increases in FY 2021-2023 for salaries and CalPERS.
10	Reinstatement of Captains (Training and Arson)	Public Safety	\$ -	\$ 450,025	\$ 472,526	\$ 496,153	\$ 520,960	\$ 573,056	\$ 630,362	\$ 3,143,082	Estimates include 5% annual increases (salaries, benefits, etc.).	No changes in staffing. 10% cost increases in FY 2021-2023 for salaries and CalPERS.
11	Reinstatement of Battalion Chief	Public Safety	\$ -	\$ 282,595	\$ 296,725	\$ 311,561	\$ 327,139	\$ 359,853	\$ 395,838	\$ 1,973,711	Estimates include 5% annual increases (salaries, benefits, etc.).	No changes in staffing 10% cost increases in FY 2021-2023 for salaries and CalPERS.
12	Revised PD Vehicle Replacement and Maintenance Plan	Public Safety	\$ -	\$ 2,014,822	\$ 2,055,119	\$ 2,096,221	\$ 2,138,146	\$ 2,180,909	\$ 2,224,527	\$ 12,709,744	Annual debt services of \$690,000 plus replacement of vehicles each year. Useful life of 3-5 years; 4 year financing (\$2.5 million)	Vehicle refurbishment program (Item 13) was successful and financing of vehicles was not needed, saving an estimated \$2.75 million over four years. 2% cost increases for continuation of fleet replacement program was included in FY 2021-2023.
12a	Police Fixed Wing Aircraft	Public Safety	\$ -	\$ 382,870	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 382,870		On November 17, 2017, City Council approved an amendment to the Measure Z Spending Plan to reallocate funds from the vehicle replacement account to fund a portion of the purchase of a fixed wing aircraft.
13	Refurbish PD Vehicle (Pilot Program)	Public Safety	\$ -	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,000	\$25,000 per vehicle - 2 vehicle pilot program.	No changes.
14	Revised Fire Vehicle Replacement and Maintenance Plan	Public Safety	\$ -	\$ 1,661,578	\$ 1,967,578	\$ 3,376,252	\$ 3,725,105	\$ 3,445,525	\$ 2,366,452	\$ 16,542,490	One-time replacement of 16 vehicle; 10-year financing (\$13.7 million). Additional layering in of vehicle replacement for remainder of vehicles.	City Council approval for one-time purchase was received on September 26, 2017. Debt service will be \$1,661,578 for years 1-7 and \$1543,591 in years 8-10. Total estimated savings based on City's enhanced financial position and vehicle negotiation is approximately \$700,000. In addition to one-time replacement, a total of 10 vehicles will be replaced with a cash purchase from FY 2018-2023.
15	Fleet Facility Capital Repairs Needed	Public Safety	\$ -	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,000	Facility improvements to doors, lifts and drive approach.	No changes.
16	Additional Fleet Mechanics for Police Department (2)	Public Safety	\$ -	\$ 181,000	\$ 190,050	\$ 199,553	\$ 209,530	\$ 220,007	\$ 231,007	\$ 1,231,146	Total salary and benefits - based on existing position. Final amounts may differ based on starting salary and CalPERS tier. Current costs anticipated 5% annual increases for first 5-years with 2% increases thereafter.	No changes to staffing. 5% cost increases in FY 2021-2023 for salaries and CalPERS.
17	Additional Fleet Mechanics for Fire Department (2)	Public Safety	\$ -	\$ 181,000	\$ 190,050	\$ 199,553	\$ 209,530	\$ 220,007	\$ 231,007	\$ 1,231,146	Total salary and benefits - based on existing position. Final amounts may differ based on starting salary and CalPERS tier. Current costs anticipated 5% annual increases for first 5-years with 2% increases thereafter.	No changes to staffing. 5% cost increases in FY 2021-2023 for salaries and CalPERS.

Updated Measure Z Spending Plan
FY 2018-2023 Baseline Projections

City Council Approved Items	Funding Request	Category	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Measure Z Spending Plan (7-Year Totals)	Overview of Item	Changes From Adopted 5-Year Plan
			FY 2016/17 Actuals	FY 2017/18 1st Quarter	FY 2018/19 Projected	FY 2019/20 Projected	FY 2020/21 Projected	FY 2021/22 Projected	FY 2022/23 Projected			
18	Funding Gap - Existing Services (based on the FY 16-17 2nd Qtr. General Fund Operating Deficit estimate)	Critical Operating Needs	\$ 3,939,526	\$ 5,482,404	\$ 13,238,623	\$ 18,266,026	\$ 11,734,277	\$ 12,086,305	\$ 12,448,894	\$ 77,196,056	Based on 5-Year Model and largely associated with union contracts and a slowing of revenue growth. Model assumes no-raises for SEIU in Year 5.	No changes. Funding was extended based on 3% annual increases in costs based on historical CPI. Amounts match General Fund Five-Year Plan.
19	General Plan Update (Includes Zoning Code Changes)	Critical Operating Needs	\$ -	\$ 2,000,000	\$ 1,500,000	\$ 1,500,000	\$ -	\$ -	\$ -	\$ 5,000,000	Over the past 20 years, the City's regulatory environment for development has become burdensome. In order to make an investment in the future of Riverside, funding is needed for a General Plan Update, including zoning code, in the near future.	No changes.
20	Homeless Services	Critical Operating Needs	\$ -	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 3,000,000	BEC recommended to add \$500,000 per year for Homeless Services. A comprehensive plan will return to the City Council for approval at a later date.	No changes. Funded was extended for FY 2021-2023
21	Principal Analyst - City Manager's Office	Critical Operating Needs	\$ -	\$ 165,000	\$ 173,250	\$ 181,913	\$ 191,008	\$ 200,559	\$ 210,586	\$ 1,122,316	Salary and Benefits: Based on Tier 2 employee. 5% increased for first four years. 2% increases thereafter.	No changes to number of positions. 5% cost increases in FY 2021-2023 for salaries and CalPERS.
22	Budget Engagement Commission Support	Critical Operating Needs	\$ 5,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 28,000	\$ 28,000	\$ 169,000	Supplies, printing and mailing, video and security staff.	No changes. 3% increases estimated in FY 2021-2023 based on historical CPI.
23	New Downtown Main Library	Facility Capital Needs	\$ -	\$ -	\$ 1,954,500	\$ 3,569,500	\$ 3,566,825	\$ 3,567,954	\$ 3,567,954	\$ 16,226,733	Estimated \$30 million.	Increased to approx. \$40 million. City Council approved a swap of Main Library and PD HQ funding of approx. \$10 million on October 3, 2017. New debt service estimate is provided.
23a	New Downtown Main Library Archives	Facility Capital Needs	\$ -	\$ 1,000,000	\$ 1,000,000	\$ 1,300,000	\$ -	\$ -	\$ -	\$ 3,300,000	Estimated \$30 million.	On December 19, 2017, the City Council approved a redirection of Contingency Funds for FY 2017/18 and FY 2018/19 for Archives for the New Main Library (Item 4).
24	Eastside Library Site Selection	Facility Capital Needs	\$ -	\$ 100,000		\$ -	\$ -	\$ -	\$ -	\$ 100,000	6-month community outreach project to find a replacement site for the Eastside Library.	No changes.
25	New Police Headquarters	Facility Capital Needs	\$ -	\$ -	\$ -	\$ 1,882,000	\$ 3,402,000	\$ 3,399,954	\$ 3,399,954	\$ 12,083,908	Estimated \$45 million - Depending on features, liability costs will increase.	Decreased to \$35 million. City Council approved a swap of Main Library and PD HQ funding of \$10 million on October 3, 2017. New debt service estimate is provided.
26	Museum Expansion and Rehab	Facility Capital Needs	\$ -	\$ -	\$ -	\$ -	\$ 807,550	\$ 1,533,265	\$ 1,533,265	\$ 3,874,080	Estimated \$15 million cost to construct.	Updated debt service estimate is provided. On December 19, 2019, the City Council approved a reduction in the estimated costs for the project of \$1.3 million to fund the Main Library Archives (Item 23a), which leaves a total funding for the expansion and rehab at \$13.7 million. Moving the archives to the New Main Library will allow for additional display square footage at the existing facility.
27	Downtown Parking Garage	Facility Capital Needs	\$ -	\$ -	\$ -	\$ -	\$ 807,550	\$ 1,533,265	\$ 1,533,267	\$ 3,874,082	Estimated \$15 million for rehab and expansion.	Updated debt service estimate is provided.
28	Annual Deferred Maintenance (Existing Facilities) - Partial Funding	Facility Capital Needs	\$ -	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 6,000,000	Adoption of FY 2016-2018 Two-Year Budget identified the need to address deferred maintenance on many City facilities.	Funding for deferred maintenance was revised to a flat \$1 million per year to allow for better project management. Initial 5-Year Plan amounts ranged from \$250,000 to \$1.5 million per year.

Updated Measure Z Spending Plan
FY 2018-2023 Baseline Projections

City Council Approved Items	Funding Request	Category	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Measure Z Spending Plan (7-Year Totals)	Overview of Item	Changes From Adopted 5-Year Plan
			FY 2016/17 Actuals	FY 2017/18 1st Quarter	FY 2018/19 Projected	FY 2019/20 Projected	FY 2020/21 Projected	FY 2021/22 Projected	FY 2022/23 Projected			
29	Maximize Roads/Streets (Pavement Condition Index)	Quality of Life	\$ -	\$ 2,875,000	\$ 2,875,000	\$ 2,875,000	\$ 2,875,000	\$ 2,875,000	\$ 2,875,000	\$ 17,250,000	After the Pavement Condition Index survey is completed early next year, Public Works will return to the City Council with a comprehensive plan for street/road/side rehabilitation.	No changes. Continued funding of \$2.875 million in FY 2021-23.
30	Tree Trimming	Quality of Life	\$ -	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 6,000,000		No changes. Continued funding of \$1 million in FY 2021-2023
31	Ward Action Team - Deputy City Attorney II (City Attorney's Office)	Quality of Life	\$ 56,250	\$ 225,000	\$ 236,250	\$ 248,063	\$ 260,466	\$ 273,489	\$ 287,163	\$ 1,586,680		No changes to staffing. 5% cost increases in FY 2021-2023 for salaries and CalPERS.
32	Ward Action Team - City Manager's Office	Quality of Life	\$ -	\$ 165,000	\$ 173,250	\$ 181,913	\$ 191,008	\$ 200,559	\$ 210,586	\$ 1,122,316		No changes to staffing. 5% cost increases in FY 2021-2023 for salaries and CalPERS.
33	Technology Improvements	Technology	\$ -	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 1,000,000	\$ 1,000,000	\$ 10,000,000	Includes funding for future technology projects and needs based on Citywide audit programs and other assessments. Funding may be used for hardware, new software, and cybersecurity. A comprehensive plan for use of funds will return to City Council at a later date.	Continued funding of \$1 million in FY 2021-2023
			\$ 10,000,000	\$ 46,674,592	\$ 45,220,681	\$ 55,679,392	\$ 52,487,028	\$ 54,552,967	\$ 55,522,134	\$ 320,136,794		
			\$ 12,600,000	\$ 51,557,000	\$ 52,072,570	\$ 52,593,296	\$ 53,119,229	\$ 53,650,421	\$ 54,186,925	\$ 329,779,440		
			\$ 2,600,000	\$ 4,882,408	\$ 6,851,889	\$ (3,086,096)	\$ 632,201	\$ (902,546)	\$ (1,335,209)	\$ 9,642,647		
			\$ 2,600,000	\$ 7,482,407	\$ 14,334,296	\$ 11,248,200	\$ 11,880,401	\$ 10,977,855	\$ 9,642,647	\$ 9,642,647		



CITY OF RIVERSIDE, CALIFORNIA

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CaPERS) OVERVIEW AND UPDATE

AS OF JANUARY 1, 2018

CaPERS 101: HOW DOES IT WORK?

DEFINED BENEFIT PLAN PENSION FORMULAS

Defined Benefit Plans (DBPs) are pension plans in which an employee receives fixed benefits that are based on length of service and salary earned at the time of retirement. The City's relationship with CalPERS to provide a DBP to its employees dates back to 1945 when the initial plan was approved by Riverside voters by Special Election on June 5. Further, the City's Charter (Article X – Retirement), requires a CalPERS retirement for City employees.

A defined contribution plan (DCP), such as a 401K, is a dollar contribution to a retirement fund. The total retirement in a DCP is generally based on the amount of assets and growth of the money.

The City has several employee groups with different CalPERS DPB formulas (see below). The formula represents the percent of salary for each year employed with the City that a plan member will receive at or after the specified age.

For example, a plan member that receives 2.7% @ 55 with a \$65,000 3-year highest salary average and 20 years of service will be:

- Eligible to retire at 55 years of age
- Years of service x pension rate x 3-year highest salary average = annual pension
- 20 x 2.7% x \$65,000 = \$35,100 annual pension

CITY'S DEFINED BENEFIT PLAN PENSION FORMULAS

The City has five CalPERS DBP formulas depending on hire date and employee group. How costs are shared between the City and employees is explained in the next section of this handout.

BEFORE JANUARY 2013

3%
@ 50

Safety
(Fire Tier 1,
Police Tier 1, 2)

2.7%
@ 55

Miscellaneous
(All Non-Sworn
Tier 1 & 2)

3%
@ 55

Safety
(Fire Tier 2)

AFTER JANUARY 2013 (PEPRA)

2%
@ 62

Miscellaneous
(All Non-Sworn
Tier 3)

2.7%
@ 57

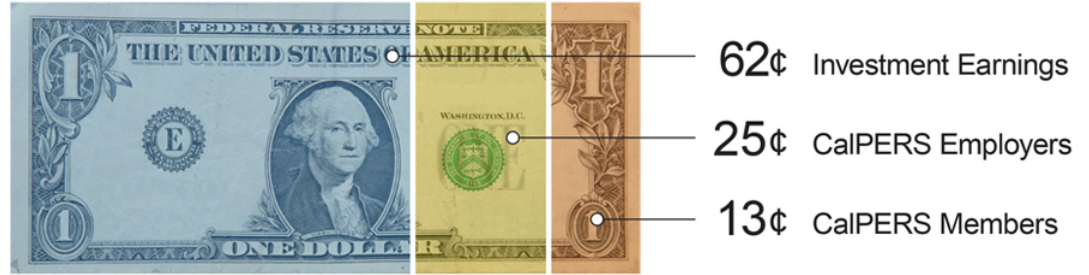
Safety
(Fire & Police
Tier 3)

HOW ARE CaIPERS BENEFITS FUNDED?

TWO-THIRDS OF FUNDS COME FROM INVESTMENTS

Historically, more than 60% of all funds paid to CalPERS retirees comes from investment earnings. When CalPERS does not meet its investment return goals, the City will pay more.

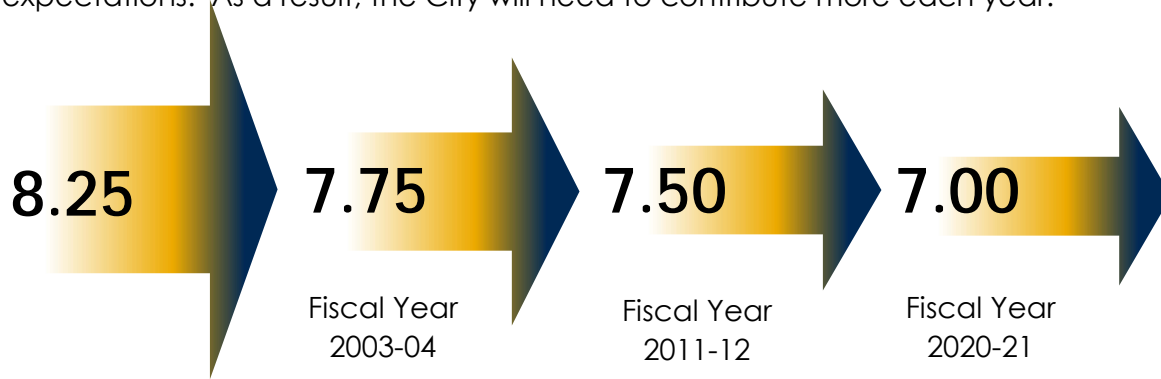
Every dollar paid to CalPERS retirees comes from three sources:



LOWER CaIPERS DISCOUNT RATES INCREASE CITY PENSION COSTS

A discount rate, also known as expected or assumed rate of return, is the estimated long-term average return expected to be earned on investments. The more gains made from a CalPERS plan investment, the less the City will need to contribute.

CalPERS has recently (December 2016) reduced the discount rate to be more consistent with long-term market expectations. As a result, the City will need to contribute more each year.

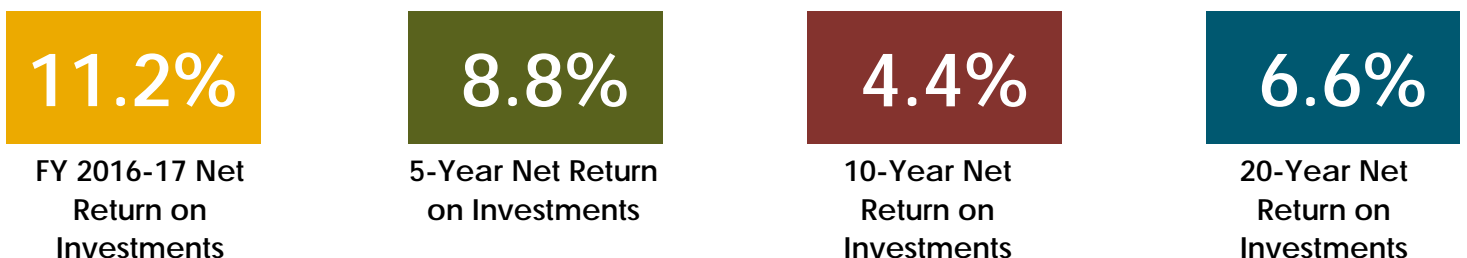


History of CalPERS Discount Rate Changes

Additional Discount Rate Changes in FY 2018-19 (7.35%) and FY 2019-20 (7.25%)

SHORT AND LONG-TERM VIEW OF RETURN ON INVESTMENTS

In FY 2016-17, CalPERS had its best investment return at 11.2% when compared to the previous two years (FY 2014-15 was 2.4% and FY 2015-16 was 0.61%). Although this is movement in the right direction, the investment return did not eliminate unfunded pension liabilities (32% of total liability – CalPERS pension plans are funded at 71-74%). CalPERS' investment strategy focuses on long-term performance instead of the more volatile short-term performance. Therefore, the current strategy to increase the employer contribution to the plan remains unchanged.



HOW ARE CaIPERS COSTS PAID?

COST SHARING BETWEEN CITY AND EMPLOYEES

CalPERS establishes an employer rate, which the City must pay for each participating employee, and an employee rate, which either the City or the employee may pay.

The employer rate is an actuarial calculation provided to the City by CalPERS each year. The total amount is comprised of two factors. The first is an estimated percentage of salary based on the employee pool (age, salary, investment returns, etc.). The second, if applicable, is a lump sum payment due to pay down an unfunded accrued liability (UAL).

Depending on the pension formula, CalPERS statutorily sets the employee rate at 7-11.5%. Until recently, the City paid the employee rate for most City employees. This practice was discontinued in 2011-2012 for new employees. In 2016, the City also required all existing employees to gradually transition to paying their share of pension costs over the next four to five years. The information below represents amounts paid by employees and the City for FY 2017-2018.

Miscellaneous	Tier 1 Classic Members - Hired prior to January 1, 2013		Tier 2		Tier 3
	SEIU / SEIU Refuse	IBEW/IBEW Supervisors / Unrepresented	SEIU / SEIU Refuse	IBEW/IBEW Supervisors / Unrepresented	Public Employee Pension Reform Act (PEPRA) - All Misc. Employees
Hire Date	Prior to 6/7/2011	Prior to 10/19/2011	On or after 6/7/2011	On or after 10/19/2011	On or after 1/1/2013
DBP Formula	2.7%@55	2.7%@55	2.7%@55	2.7%@55	2.0%@62
Required Employee Contribution Rates	8.00%	8.00%	8.00%	8.00%	7.00%
Employee Contribution Paid By City	2.00%	6.00%	0.00%	0.00%	0.00%
Required Employer Contribution	12.14%	12.14%	12.14%	12.14%	12.14%
Employer Paid UAL Lump Sum Payment	\$15,683,043				

Safety	Tier 1 Classic Members - Hired prior to January 1, 2013		Tier 2		Tier 3
	Police (3 groups)	Fire (2 groups)	Police (3 groups)	Fire (2 groups)	Public Employee Pension Reform Act (PEPRA) - All Safety Employees
Hire Date	Prior to 2/17/2012	Prior to 6/10/2011	On or after 2/17/2012	On or after 6/10/2011	On or after 1/1/2013
DBP Formula	3.0%@50	3.0%@50	3.0%@50	3.0%@55	2.7%@55
Required Employee Contribution Rates	9.00%	9.00%	9.00%	9.00%	11.50%
Employee Contribution Paid By City	7.50%	8.00%	0.00%	0.00%	0.00%
Required Employer Contribution	19.87%	19.87%	19.87%	19.87%	19.87%
Employer Paid UAL Lump Sum Payment	\$12,351,650				

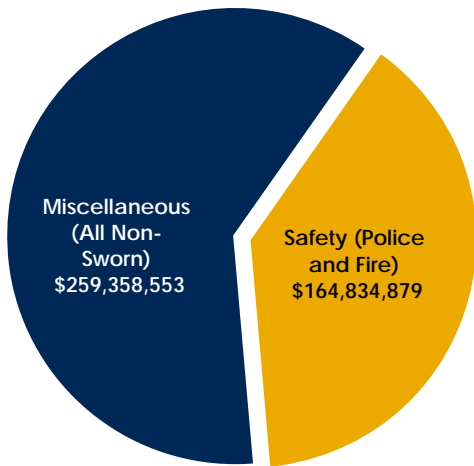
ARE THE CITY'S PENSIONS SUFFICIENTLY FUNDED?

CITYWIDE UNFUNDED PENSION LIABILITY

The difference between the City's retirement plan assets and the amount that will be needed to be paid as a pension to employees in the future is known as the unfunded accrued liability (UAL). It is based on calculations provided by the CalPERS Actuarial Office that take into consideration various factors including expected long-term returns on investments and the life expectancy of retirees. UAL is not paid in one year, it is amortized over a period of 20-30 years.

August 2016 for FY 2017-18

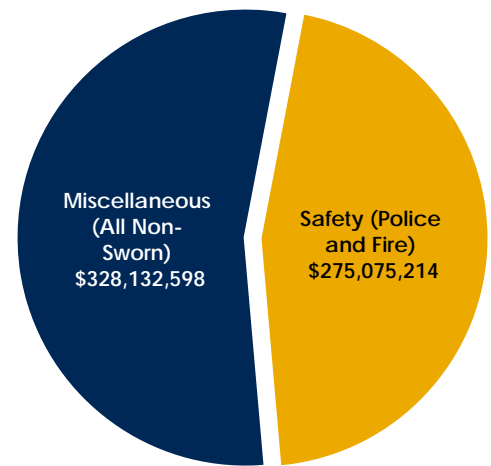
Based on Actuarial Report as of June 30, 2015



Total UAL
\$424.2 Million

July 2017 for FY 2018-19

Based on Actuarial Report as of June 30, 2016



Total UAL
\$603.2 Million

Increased
\$179.0 Million (42%)
Primarily due to change
in discount rate



MISCELLANEOUS
EMPLOYEES

74.3%

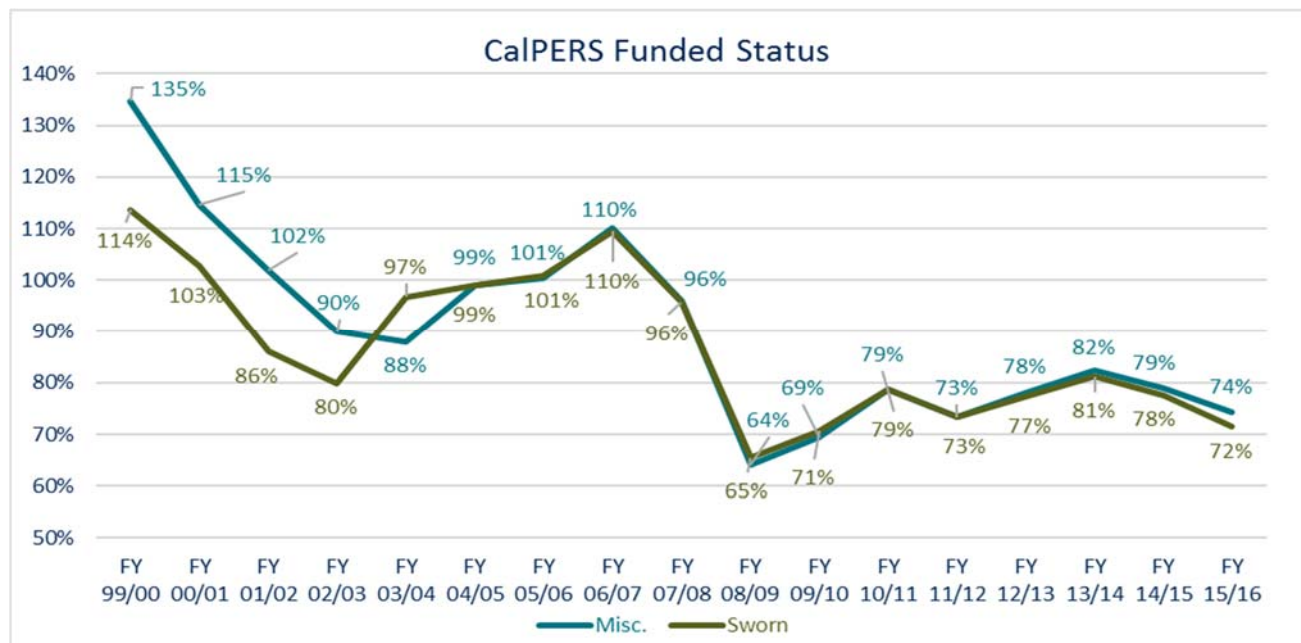
CITY CalPERS FUNDED RATIOS

Represents the percentage of assets available today to pay all of the pension benefits promised to City employees.



SAFETY
EMPLOYEES

71.6%

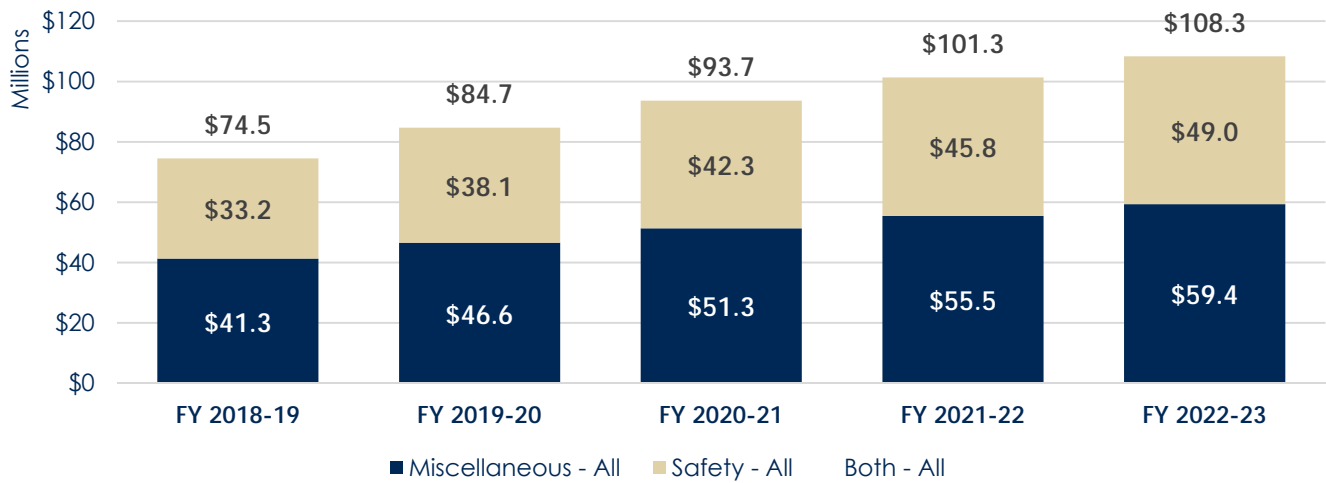


WHAT ARE THE PROJECTED CaIPERS COST INCREASES?

CITYWIDE CaIPERS COST OVERVIEW

Over the next five years (FY 2018-19 to FY 2022-23), the City anticipates its annual retirement expenditures to increase by 45.5% from approximately \$74.5 million to \$108.4 million. These projections are based on the City's most recent CaIPERS actuarial reports dated July 2017. The Information below provides a five-year look at the City's overall pension costs and pension costs in the City's major funds (General, Electric, Water, and Sewer).

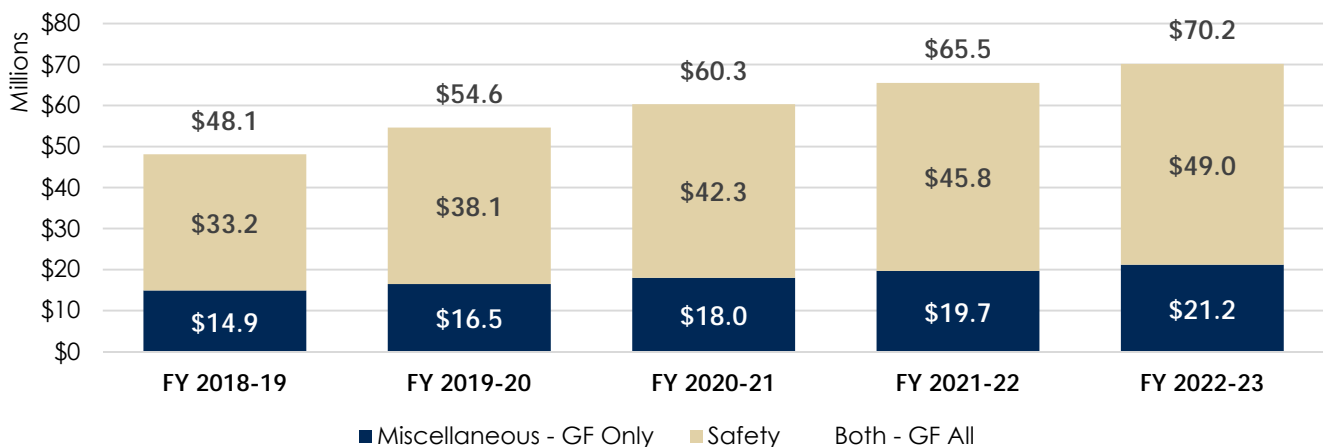
Citywide Estimated CaIPERS Costs



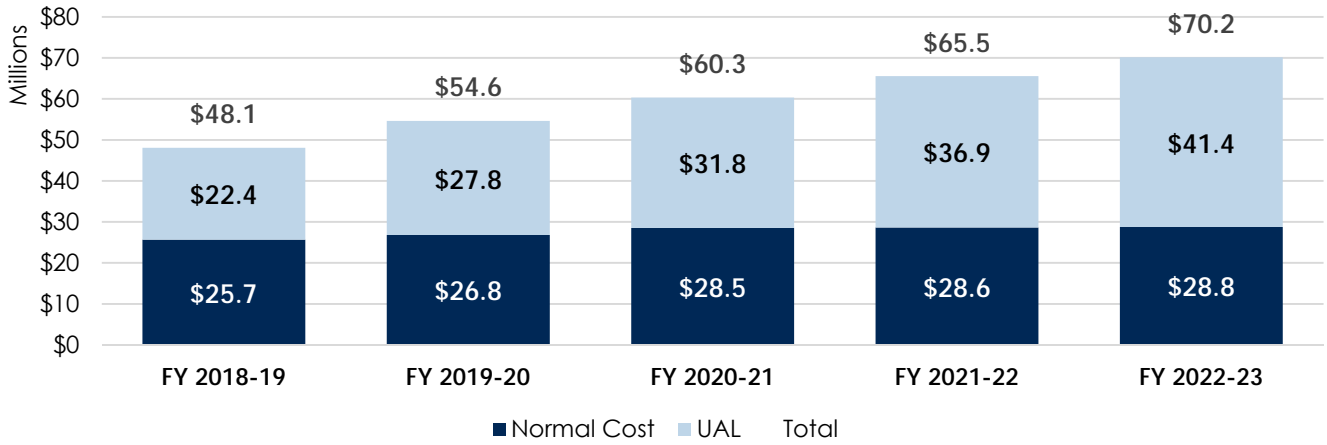
GENERAL FUND CaIPERS COST OVERVIEW

General Fund CaIPERS costs are expected to increase more than \$22 million or 46%.

General Fund Estimated CaIPERS Costs by CaIPERS Group



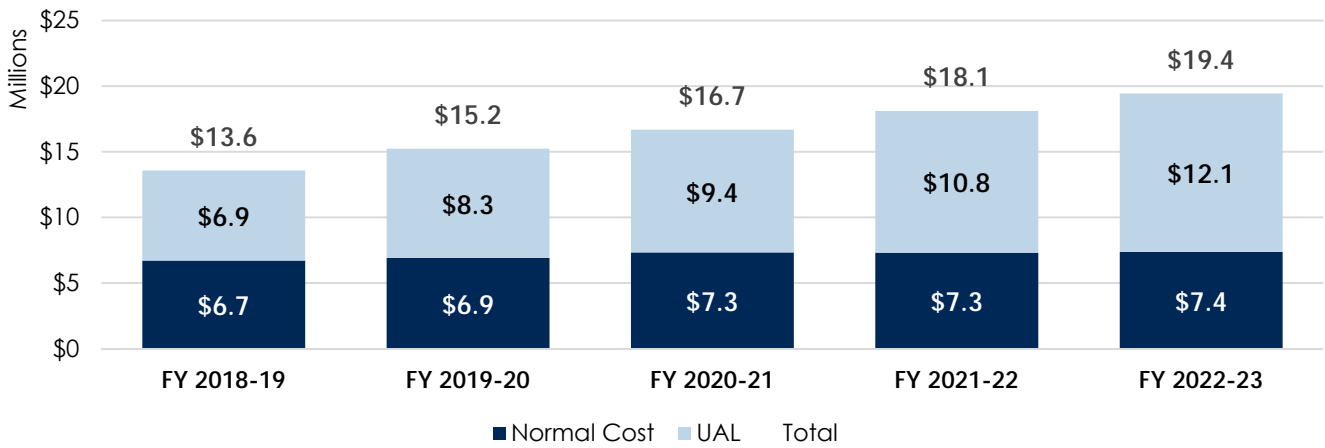
General Fund Estimated CalPERS Costs



ELECTRIC FUND CalPERS COST OVERVIEW

Electric Fund CalPERS costs are expected to increase more than \$5.9 million or 43%.

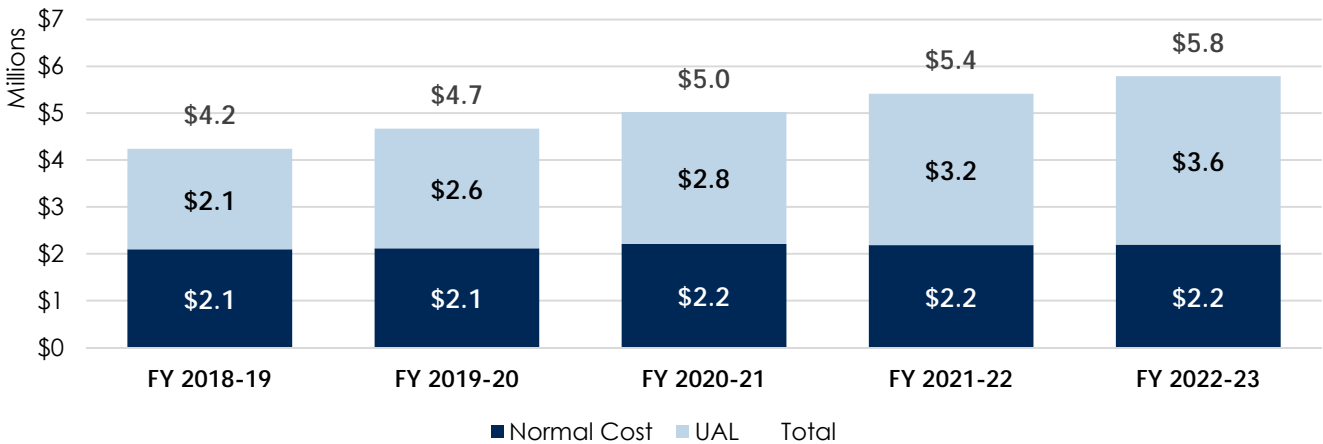
Electric Fund Estimated CalPERS Costs



WATER FUND CalPERS COST OVERVIEW

Water Fund CalPERS costs are expected to increase more than \$1.6 million or 38%.

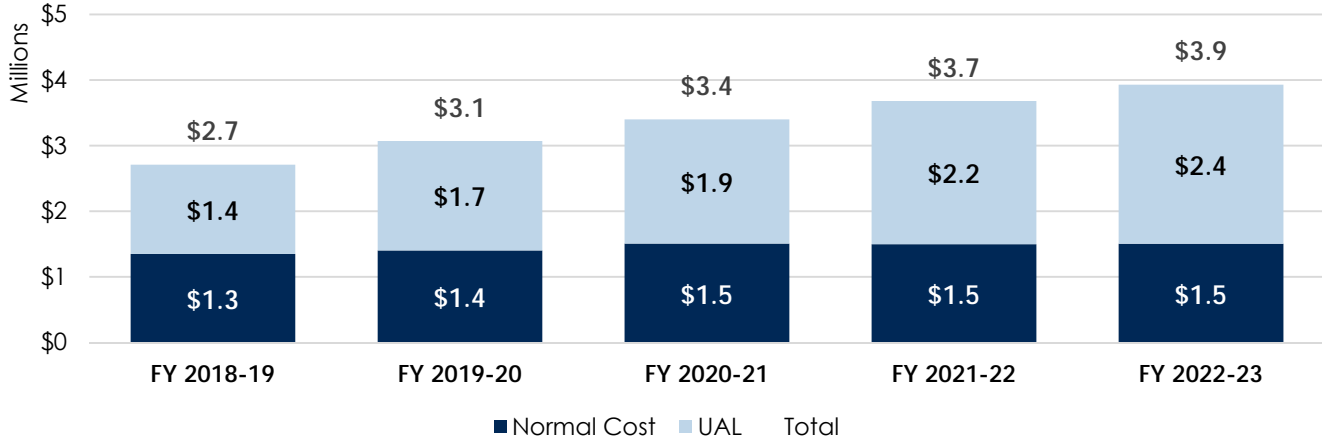
Water Fund Estimated CalPERS Costs



SEWER FUND CalPERS COST OVERVIEW

Sewer Fund CalPERS costs are expected to increase more than \$1.2 million or 44%.

Sewer Fund Estimated CalPERS Costs



WHY ARE CALPERS COSTS INCREASING?

The City's retirement plans went from having an excess of cash (i.e. super-funded, or funded above 100%) to being under-funded. Currently, the City's CalPERS plans are funded at 74% (non-sworn) and 72% (sworn). This is mainly due to investment losses by CalPERS during the Great Recession, which impacted all of the California agencies' retirement plans managed by CalPERS. Additional factors have also contributed to increasing costs:

- Retroactive retirement benefit enhancements for City employees between 2001 and 2006;
- Long-term investment returns not meeting expectations (e.g. 8.8% over last five years, 4.4% over last 10 years, and 6.6% over last 20 years);
- The resulting changes in the CalPERS anticipated return-on-investment rate over the past 15 years, from 8.25% to 7%; and
- CalPERS retirees living longer.

As a result of the above factors, which contributed to the decline in overall retirement plan funding levels, California public entities such as the City of Riverside must increase their payments into the CalPERS system in future years. The payment levels are determined by CalPERS, and they are increasing exponentially.

WHAT HAS THE CITY DONE TO ADDRESS PENSION COST INCREASES?

THE CITY HAS TAKEN SEVERAL STEPS OVER THE YEARS TO REDUCE PENSION COSTS

- **Every Year** – Implement operational efficiencies, where possible, to minimize impact to service levels provided to the community as CalPERS costs increase.
- **2011-2012** – Required all new employees to pay the employee portion of the CalPERS pension costs.
- **2013** – Established lower pension benefits for new employees, resulting in lower pension costs.
- **2016** – Existing employees not currently paying for CalPERS retirement costs began doing so.
- **2017** – Refinanced \$30 million Bond Anticipation Note using Measure Z Funds. Allowed a fixed interest rate for the pension related debt and an accelerated payoff of the principal balance.

INVESTMENT & CaIPERS TERMINOLOGY YOU SHOULD KNOW

Actuarial Report – An actuarial valuation is a type of appraisal which requires making economic and demographic assumptions in order to estimate future liabilities. The assumptions are typically based on a mix of statistical studies and experienced judgment.

Bond Anticipation Note (BAN) – A short-term obligation that is issued for temporary financing needs. The principal payoff may be covered by a future longer-term bond issue. These notes normally have maturities of one year or less and interest is payable at maturity rather than semi-annually.

Defined Benefit Plan (DBP) – A type of pension plan in which an employer/sponsor promises a specified monthly benefit upon retirement that is predetermined by a formula based on the employee's earnings history, tenure of service and age.

Defined Contribution Plan (DCP) – A type of retirement plan in which a certain amount or percentage of money is set aside each year by a company (or employee) for the benefit of each of its employees. Benefits directly depend upon individual investment returns.

Discount Rate – Also known as the expected rate of return or the assumed rate of return. It is the estimated long-term average return expected to be earned on investments.

Funded Ratio - Percentage of assets available today to pay all of the pension benefits promised to employees.

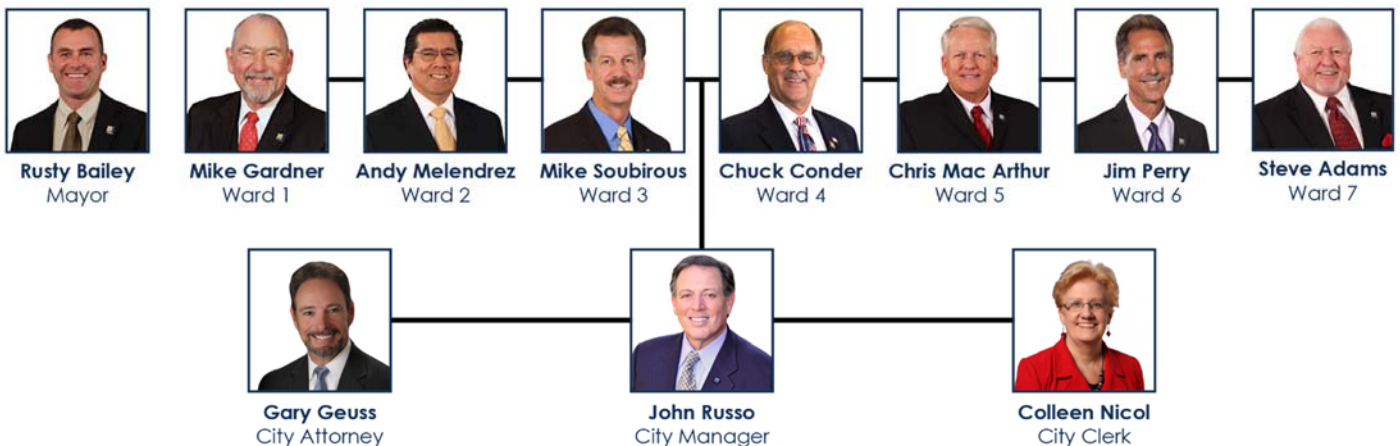
Normal Costs – The annual cost of service accrual for the upcoming fiscal year for active employees. The normal cost should be view as the long-term contribution rate for existing employees.

Pension Obligation Bond (POB) – Taxable bond that some state and local governments have issued as part of an overall strategy to fund the unfunded portion of their pension liabilities by creating debt.

PEPRA - Public Employees' Pension Reform Act of 2013 – A pension reform bill that went into effect January 1, 2013. The bill impacts new public employees and establishes a limit on the amount of compensation that can be used to calculate a retirement benefit.

Unfunded Accrued Liability (UAL) – Portion of the plan's unfunded liability that is not funded by the plan's asset value.

CITY LEADERSHIP



JOIN THE CONVERSATION EngageRiverside.com and RiversideCA.gov/budget

City Hall - 3900 Main Street, Riverside, California 92522 • (951) 826-5311 • RiversideCA.gov



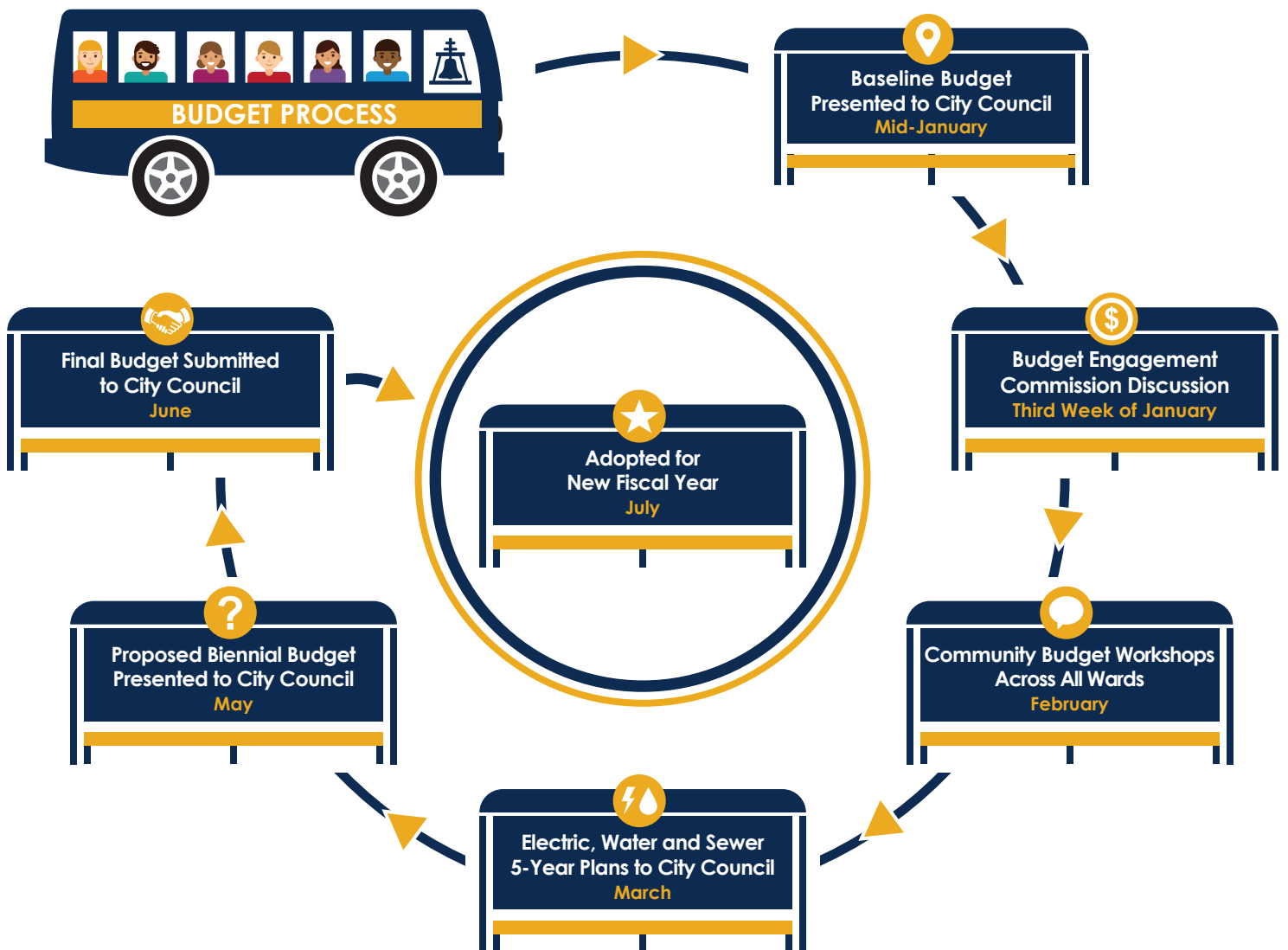
THE CITY OF RIVERSIDE INVITES YOUR PARTICIPATION IN THE DEVELOPMENT OF THE TWO-YEAR BUDGET

Riverside creates its two-year budget within the context of a five-year spending plan. The development of the next two year budget, for the fiscal years commencing on July 1, 2018 and ending on June 30, 2020, is underway. Like a bus, the City's budget process will travel throughout Riverside, with opportunities for residents, businesses and employees to join the conversation at several stops along the way.

The initial stop is with the City Council to review initial financials, proceeding next to the Budget Engagement Commission (BEC). The BEC, recently created to advise the City Council on the budget and related matters, will be leading several citywide discussions on the budget, including the review of financial projections and preliminary balancing measures proposed by departments.

The next few stops, in February, are at the Community Budget Workshops held in various locations across the City. Then, the route returns to the BEC to review feedback from the community meetings and to form recommendations to the City Council. The final stop is back with the City Council for a final review and adoption of the two year budget.

Details on the budget stops' dates, times and locations are provided below and on the back of this document.





FY 2018-20 BUDGET DEVELOPMENT

SCHEDULE OF PUBLIC EVENTS

Budget Engagement Commission

Mayor's Ceremonial Room • 3900 Main Street

January 24, 2018 • 4 PM

FY 2018/20 Budget - Revenue and
Expenditure Assumptions

January 30, 2018 • 4 PM

FY 2018/20 Budget -
Department Presentations

January 31, 2018 • 4 PM

FY 2018/20 Budget -
Department Presentations

February 22, 2018 • 5 PM

FY 2018/20 Budget -
Recommendations for City Council

April 05, 2018 • 5 PM

FY 2018/20 Proposed Budget and CIP

City Council

Art Pick Council Chamber • 3900 Main Street

May 1, 2018 • 1 PM

FY 2018/20 Proposed
Budget and CIP

June 12, 2018 • 7 PM

FY 2018/20 Budget, CIP, and
Fees and Charges Adoption

July 24, 2018 • 1 PM

FY 2018/20 Biennial
Budget Book

FY 2018/20 Budget - Community Budget Workshops

Ward 1

February 8, 2018 • 6 PM

Mayor's Ceremonial Room
3900 Main Street

Ward 2

February 12, 2018 • 6 PM

César Chávez Community Center
2060 University Avenue

Ward 3

February 7, 2018 • 7 PM

Janet Goeske Center
5257 Sierra Street

Ward 4

February 7, 2018 • 7 PM

The Grove Corner
19900 Grove Community Drive

Ward 5

February 21, 2018 • 6 PM

Renck Community Center
4015 Jackson Street

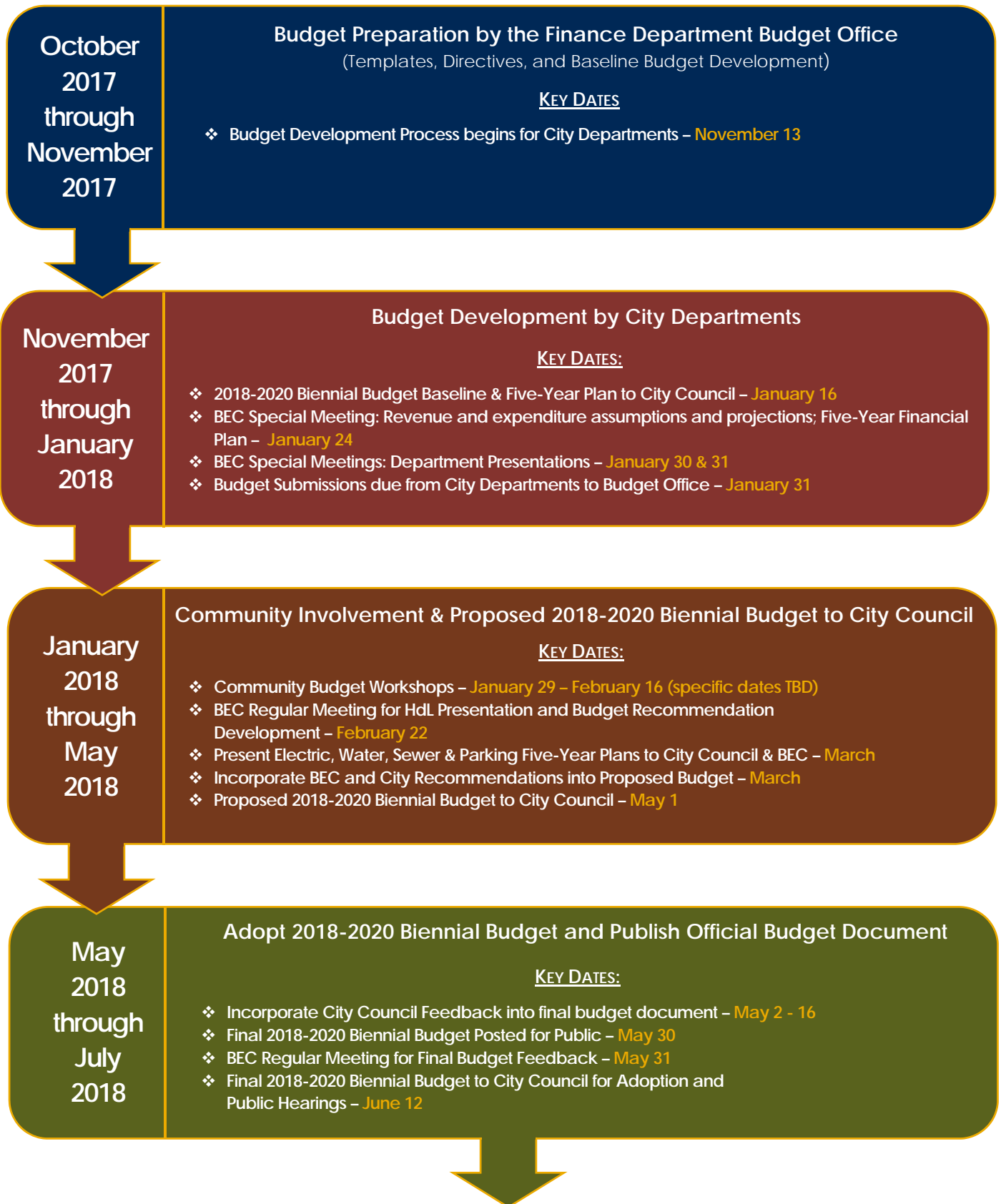
Wards 6 & 7

February 15, 2018 • 6 PM

La Sierra Senior Center
5215 La Sierra Avenue

For more information, visit EngageRiverside.com • Share Your Ideas

FY 2018-2020 Biennial Budget Development Schedule



**Adopted 2018-2020 Biennial Budget Book Available
to Public and City Departments
Late July 2018**