



Measure Z Spending Priorities

Finance Department

City Council Special Meeting
January 31, 2017

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BACKGROUND

1. FY 2016-2018 Budget Process in February-June 2016, staff presented critical unfunded operational and capital needs
2. The operational needs alone (excluding new facilities) totaled more than \$225 million over five years, or approximately \$45 million per year
3. Annual Capital Improvement Plan (CIP) includes more than \$1.1 billion of unfunded projects (e.g. new facilities, road projects, IT replacements, etc.)



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BACKGROUND

4. Council placed a measure on the November 8, 2016 ballot to help address the service cuts and critical unfunded needs
5. Measure Z is a one-percent transaction and use tax (sales tax) – Changing the Tax Rate from 7.75% to 8.75%
6. Measure Z won voter approval by 60% of the residents of Riverside on November 8, 2016
7. Effective date of new Tax Rate: April 1, 2017



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HOW IS SALES TAX REVENUE CALCULATED

1. Remitted to the City by the State Board of Equalization (BOE) on a monthly basis
2. City receive the majority amounts owed each month, but not all revenue
3. Every third month (quarterly), City received a “true-up” payment to account for discounted amounts and potential one-time adjustments
4. Staff reports revenue quarterly



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PAST COUNCIL ACTION

1. Estimated revenues of approx. \$10 million to be received in FY 2016-17 and approx. \$50-\$52 million in FY 2017-18
2. Council approved FY 2016-17 funding for restoration of fire squad in FY 2016-17 (\$450,000) and FY 2017-18 (\$800,000)
3. Asked staff to schedule January 31, 2017, item for further Measure Z discussions



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PROPOSED MEASURE Z SPENDING PRIORITIES

1. Fiscal Discipline
2. Critical Non-Safety Service Needs
3. Additional Sworn Officers
4. Quality of Life Issues
5. Critical Infrastructure Needs
6. Technology



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FISCAL DISCIPLINE

1. General Fund Reserve to 20% *(5-year total: \$29M)*
2. Pay down critical liabilities
 - A. \$32 million Pension Obligation Bond *(5-year total: \$10.6M)*
Currently, an interest only instrument
 - B. Risk and Workers Comp. liabilities from 33% to 50% *(5-year total: \$8M)*



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CRITICAL NON-SAFETY SERVICE NEEDS

1. General Fund shortfalls *(5-year total: \$29M)*
 - A. Due to weakening revenues and increased personnel costs
 - B. Avoids critical service reductions
2. Replenish contingency funds *(5-year total: \$2M)*
Majority of funds utilized to fund Police Dept. Rewards, Internal Audit issues, Museum Needs and Budget Office needs
3. Principal analyst *(5-year total: \$700k)*
Replaces 1 of 2 positions reduced during budget adoption in City Manager's Office



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CRITICAL PUBLIC SAFETY NEEDS

1. Current staffing of 350 sworn officers
Industry standards of 584
2. 60 additional sworn officers (*5-year total: \$30M*)
 - A. 17 net new positions in FY 17/18
 - B. Remainder over the succeeding next 3 years
3. 20 additional non-sworn police department employees
(*5-year total: \$5.7M*)
Including dispatchers and background investigators



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CRITICAL PUBLIC SAFETY NEEDS

4. Reinstatement of two Fire Captains (*5-year total: \$1.8 million*)
Training and arson
5. Replacement and Maintenance of Police Vehicles
(*5-year total: \$8M*)
6. Replacement and Maintenance of Fire Vehicles (*5-year total: \$6.4M*)



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QUALITY OF LIFE ISSUES

1. Street Maintenance and Repair *(5-year total: \$11.5M)*
Doubles General Fund contributions
2. Tree Trimming *(5-year total: \$2M)*
44% increase over current funding
3. Community Advocate and Prosecutor *(5-year total: \$1.9 million)*
Support to multi-functional ward action teams
4. Quality of Life Survey *(5-year total: \$100k)*
Reinstatement of FY 2016-17 budget reduction



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CRITICAL INFRASTRUCTURE NEEDS

- A. \$165M - \$180M infrastructure bond(s) for new and/or expanded City facilities *(5-year total debt service: \$36M)*:
 1. New police headquarters and holding facility
 2. New Downtown Main Library
 3. Two New Downtown parking structures
 4. Convention Center expansion
 5. Museum renovation and expansion



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CRITICAL INFRASTRUCTURE NEEDS

- B. Facility repair and maintenance (*5-year total: \$4.2M*)
1. Facilitate and address unfunded needs for police and fire stations, libraries, recreation centers, and other city government buildings
 2. Safety and security improvement
- C. Ward specific capital projects (*5-year total: \$8M*)
1. \$250,000 for Mayor and City Council members
 2. Improve existing capital facilities, purchase equipment or address other critical capital needs existing in specific City neighborhoods



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TECHNOLOGY

1. New enterprise resource planning (ERP) system (*5-year total: \$2M*)
2. Cybersecurity tools (*5-year total: \$750k*)
3. Hardware replacements (*5-year total: \$5.8M*)



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WHAT REMAINS UNFUNDED

1. FY 2016-2018 Budget Reductions
\$3.6 million of annual reductions not included
2. Unfunded Liability Leave Accruals (sick and vacation)
3. Other Facility Maintenance
4. Volunteer and Intern Coordinator
5. Street and Tree Maintenance
6. Other Critical Technology Needs



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TIMELINE OF EVENTS

1. February 14, 2017- City Council Meeting: Appointment of BEC members by the City Council
2. February 23, 2017- BEC Meeting: Introduction, Rules of Order and Measure Z planning
3. March 9, 2017- BEC Meeting: Measure Z five-year spending plan
4. April 6, 2017- BEC Meeting: Second Quarter financial report (FY 16/17) and Measure Z



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TIMELINE OF EVENTS

5. April 11, 2017 – City Council Meeting: Second Quarter financial report (FY 16/17)
6. May 9, 2017 – Joint City Council and BEC Meeting: Measure Z Recommendations
7. June 8, 2017 – BEC Meeting: Third Quarter financial report (FY 16/17) and FY 17/18 Mid-Cycle proposed budget adjustments
8. June 13, 2017 – City Council Meeting: Third Quarter financial report (FY 16/17) and FY 17/18 Mid-Cycle proposed budget adjustment approvals



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RECOMMENDATIONS

That the City Council:

1. Receive and provide input on Measure Z spending priorities; and
2. Direct staff to work with the Budget Engagement Commission, to refine a five-year spending plan for Measure Z in time for the May 9, 2017 City Council meeting.



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