

# Budget Engagement Commission

City of Arts & Innovation

### 

## TO: HONORABLE COMMISSIONERS

DATE: May 25, 2017

WARDS: ALL

## FROM: FINANCE DEPARTMENT

## SUBJECT: PROCESS OVERVIEW OF THE MID-CYCLE REVIEW AND UPDATE

## ISSUES:

The issue for the Budget Engagement Commission (BEC) is to receive an overview of the process for the Mid-Cycle Review and Update.

## **RECOMMENDATION:**

That the BEC receive an overview of the process for the Mid-Cycle Review and Update.

## BACKGROUND:

The FY 2016-2018 Biennial Budget was adopted on June 21, 2016. Aligned with the City's commitment to fiscal responsibility, quarterly financial reports and a mid-cycle review and update will be presented to the City Council throughout the two-year budget. This will keep the City Council informed of the City's financial status and allow for timely management actions, as needed.

The FY 2016/17 first quarter financial update was presented to the City Council on December 20, 2016 and to the Budget Engagement Commission (BEC) on February 23, 2017. The FY 2016/17 second quarter financial update was presented to the BEC on April 6, 2017 and to the City Council on April 11, 2017. At the April 11 City Council meeting, the BEC Chairperson also presented the BEC's comments.

The third quarter update will be presented to the BEC on June 8, 2017 and to the City Council on June 20, 2017. On June 20, the BEC Chairperson will also be presenting the BEC's comments on the third quarter financial update to the City Council. The quarterly report includes the financial, investment, and debt reports. The process of both staff and the BEC presenting the quarterly reports will be continued as part of the BEC's role to provide financial advice to the City Council.

#### DISCUSSION:

The Guide to the Budget outlines the City's overall budget process (Attachment 1). Per the City Charter, Section 601 (d), the City Manager shall "keep the City Council advised of the financial condition and future needs of the City and make such recommendations as may seem desirable

to the City Manager." In order to accomplish this mandate, the City Manager biennially presents a mid-year fiscal review to the City Council.

During the May 25, 2017 BEC meeting, a process overview of the Mid-Cycle Review and Update will be presented to the BEC. As July 1, 2017 approaches, the mid-point of the City's biennial budget, the Mid-Cycle Review and Update will be provided to the City Council on June 20, 2017 in addition to the FY 2016/17 third quarter update.

The Mid-Cycle Review and Update will include reports and proposed amendments to the coming FY 2017/18 for all funds. The Mid-Cycle will include updates to the Five-Year Financial Plan and Capital Improvement Plan (CIP). The City adopted a Two-Year CIP Budget and a Five-Year Capital Improvement Plan. Every fiscal year, the Planning Commission is mandated by the City of Riverside Charter and the Riverside Municipal Code to review the City's proposed CIP to determine that the program is consistent with the City's General Plan. California Government Code Section 65401 also requires that the Planning Commission review the City's CIP for the upcoming fiscal year, and report its findings to the City Council. To comply with these mandates, the Planning Commission will review the City's CIP on May 18, 2017 (Attachment 2).

At the Mid-Cycle Review and Update, the City Council will also be requested to amend the Personnel Detail Report, amend the budgets for current FY 2016/17 and coming FY 2017/18, and carry over annual purchase orders from FY 2016/17 to FY 2017/18. The City's FY 2017/18 Proposed Gann Limit will also be proposed on a separate staff report on June 5th and 26th. Finally, the Measure Z Five-Year Spending Plan will also be adopted during the Mid-Cycle Review and Update.

At the June 8, 2017 BEC meeting, staff will provide to the BEC all the reports, numbers, and information that will be presented to the City Council in their June 20, 2017 meeting. As it is the BEC's mandate to advise the City Council on spending and policy priorities based on the information received through quarterly financial and performance reports, including revised revenues from transaction and use tax, to work with City staff to maximize public engagement on municipal budgetary issues and to provide input on performance measures and reporting programs, the BEC will have the opportunity to discuss the Mid-Cycle Update before it is presented to the City Council. The BEC Chairperson will be invited to the June 20 meeting to provide the City Council with the Commission's advice and recommendations on the Mid-Cycle Update.

FISCAL IMPACT:

There is no fiscal impact associated with this report.

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Certified as to	
availability of funds:	Scott G. Miller, PhD, Chief Financial Officer/Treasurer
Approved by:	Marianna Marysheva, Assistant City Manager

Attachments

- 1. Guide to the Budget Process
- 2. CIP Report to the Planning Commission
- 3. Presentation