



Proposed FY 2018-2020 Two-Year Budget

Finance Department

City Council
June 12, 2018

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BACKGROUND

1. November 2017: development of the City budget began;
2. January 16th: baseline budget and five-year plans presented to City Council;
3. January–April: Public engagement;
4. May 1st: Proposed Budget presented to City Council;
5. May 8th – 22nd: Department Budget presentations to City Council.



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BUDGET THEME – PROMISES MADE, PROMISED KEPT

KEY BUDGET THEMES


Maintaining Essential
Services and Infrastructure


Financial
Accuracy


Financial Responsibility
& Discipline


Transparent &
Participatory Process

STRONG FINANCIAL FOUNDATION

Two-Year Budget and Five-Year Plan

Structurally Balanced
FY 2016-2018 Budget

Measure Z

Budget Engagement Commission

General obligation
bond rating
increased from A+
to AA- by S&P

General
Fund reserve
at over 20%



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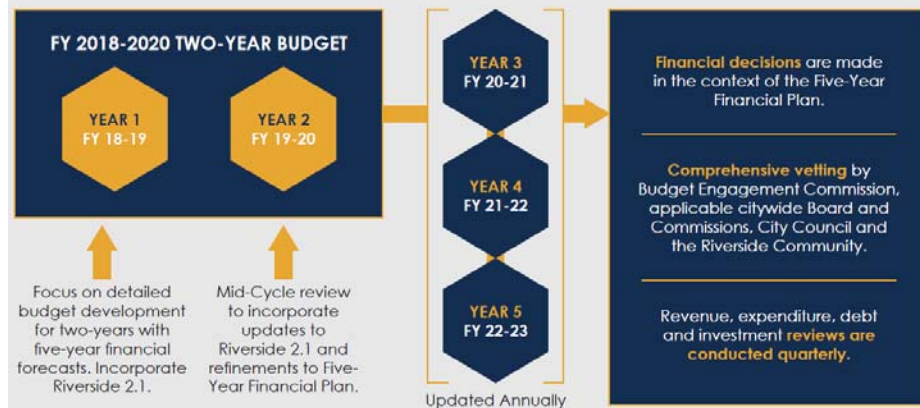
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FIVE-YEAR FINANCIAL PLANS

FY 2018-2023 FIVE-YEAR FINANCIAL PLAN

with key challenges and solutions identified and linked to Riverside 2.1
Strategic Plan and Five-Year Capital Improvement Plan

- General Fund
- Measure Z
- Electric Fund
- Water Fund
- Sewer Fund
- Refuse Fund
- Parking Fund



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BOTTOM LINE

1. Proposed Budget:
 - a) FY 2018-2019: \$1,076 million
 - b) FY 2019-2020: \$1,117 million

2. Revised Proposed Budget:
 - a) FY 2018-2019: \$1,078 million
 - b) FY 2019-2020: \$1,114 million

3. Recommended Budget Adjustments:
 - a) FY 2018-2019: \$1.5M increase in expenditures; \$2.2M decrease in revenue; \$3.7M increase in use of reserves
 - b) FY 2019-2020: \$-3.2M decrease in expenditures; \$-2.7M decrease in revenue; \$500K increase in addition to reserves.



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RECOMMENDED ADJUSTMENTS – GENERAL FUND

General Fund	FY 2018/19	FY 2019/20	2-Year Impact
Revenue			
Property Tax	50,000	125,000	175,000
Utility Users' Tax - Electric	(253,475)	(267,357)	(520,832)
Revenue from Other Agencies	205,424	423,173	628,597
General Fund Transfer - Electric	-	(540,000)	(540,000)
Subtotal Revenue	1,949	(259,184)	(257,235)
Use of/(Addition to) Fund Reserves	(331,667)	331,667	-
Expenditures			
Non-Personnel - Professional Svcs	205,424	423,173	628,597
Non-personnel - Utilities	(35,142)	(28,880)	(64,022)
Special Projects - Fiscal Mgmt	(250,000)	(119,310)	(369,310)
Special Projects - CMO Audit Prgm	(300,000)	(327,500)	(627,500)
Special Projects - Innovation District	50,000	125,000	175,000
Subtotal Expenditures	(329,718)	72,483	(257,235)

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RECOMMENDED ADJUSTMENTS – MEASURE Z

Measure Z	FY 2018/19	FY 2019/20	2-Year Impact
Revenue			
Sales Tax	2,467,430	2,492,104	4,959,534
Use of/(Addition to) Fund Reserves	1,196,391	(1,372,607)	(176,216)
Expenditures			
Fire Truck Staffing	263,821	1,069,497	1,333,318
Fire Equipment/One-time Operating	250,000	-	250,000
Contingency - Fire Radios	2,500,000	-	2,500,000
Recreation - Summer Pools	50,000	50,000	100,000
Arlington Youth Innovation Ctr FF&E	600,000	-	600,000
Subtotal Expenditures	3,663,821	1,119,497	4,783,318



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RECOMMENDED ADJUSTMENTS – ELECTRIC FUND

Electric Fund	FY 2018/19	FY 2019/20	2-Year Impact
Revenue			
Retail Revenue	(4,709,000)	(4,967,000)	(9,676,000)
Use of/(Addition to) Fund Reserves	2,909,000	627,000	3,536,000
Expenditures			
Capital Projects	(1,800,000)	(1,800,000)	(3,600,000)
Debt Service	-	(2,000,000)	(2,000,000)
General Fund Transfer	-	(540,000)	(540,000)
Subtotal Expenditures	(1,800,000)	(4,340,000)	(6,140,000)

** An alternative option would be to use Electric Utility reserves to fund capital projects at levels Proposed in the FY 2018-2020 Two-Year Budget. This would not impact Public Utilities' ability to meet the requirements of the existing fiscal policies over the next two years; reductions to capital projects may be needed in FY 2020-21 and beyond, depending on the financial impacts of the rate plan, debt refinancing, and ability to complete projects.*



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RECOMMENDED ADJUSTMENTS – OTHER FUNDS

Other Funds – Electric Cost Decreases	FY 2018/19	FY 2019/20	2-Year Impact
Use of/(Addition to) Fund Reserves	(52,551)	(81,047)	(133,598)
Expenditures			
291 - Special Districts	(42)	(28,880)	(28,922)
510 - Electric / Utilities	(1,905)	(42)	(1,947)
511 - Electric-Public Benefit Progs	(127)	(1,905)	(2,032)
520 - Water	(31,274)	(127)	(31,401)
530 - Airport	(1,368)	(31,274)	(32,642)
540 - Refuse	(99)	(1,368)	(1,467)
550 - Sewer	(17,352)	(99)	(17,451)
570 - Public Parking	(384)	(17,352)	(17,736)
Subtotal Expenditures	(52,551)	(81,047)	(133,598)



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FURTHER DISCUSSION - CALPERS

- Report to Finance Committee on cost projections; begin development of plan to address rising costs.

Citywide Estimated CalPERS Costs

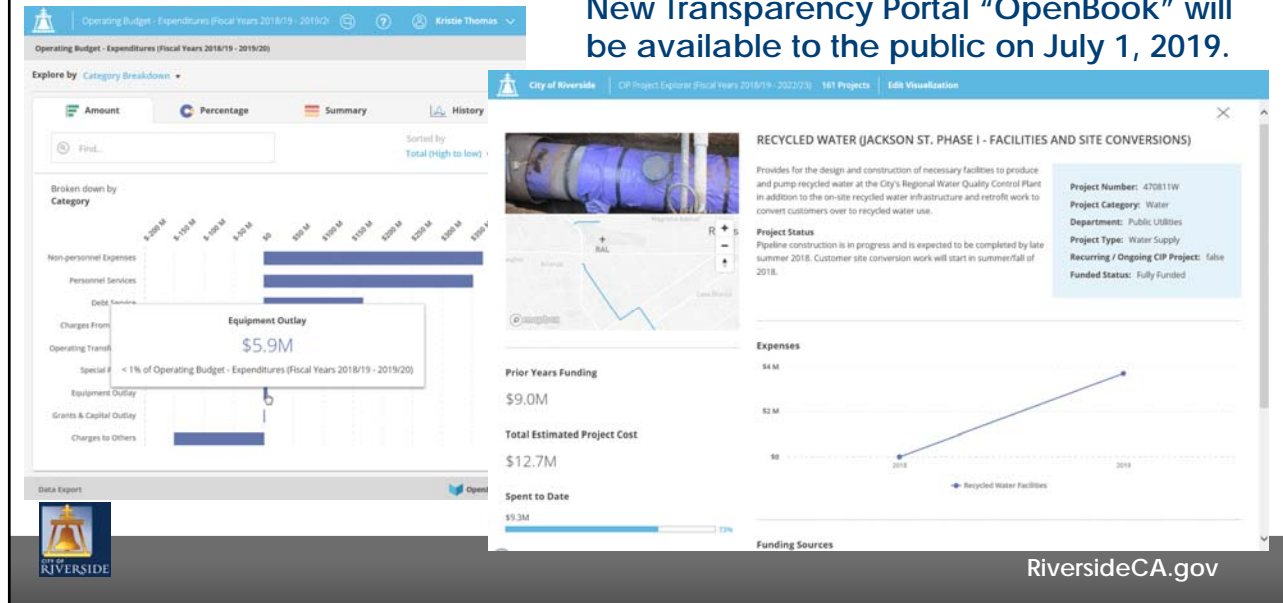


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TRANSPARENCY PORTAL

New Transparency Portal "OpenBook" will be available to the public on July 1, 2019.



RECOMMENDATIONS

1. Conduct a public hearing on the City of Riverside's Proposed Fiscal Year 2018-20 Two-Year Budget and FY 2018-20 Capital Improvement Program Budget;
2. Adopt a resolution approving the Fiscal Year 2018-20 Two-Year Budget for the City of Riverside totaling \$1,078,045,863 in FY 2018/19 and \$1,114,093,012 in FY 2019/20 across all funds as amended by staff's recommended budget adjustments;
3. Delegate investment responsibility to the City Chief Financial Officer/Treasurer beginning July 1, 2018 through June 30, 2019;

RECOMMENDATIONS (cont.)

4. Adopt a resolution approving the revised Master Fees and Charges Schedule and authorize the Chief Financial Officer/Treasurer to make any minor non-substantive changes to the schedule categories that do not affect the fees; and
5. Direct staff to report to the Finance Committee on the City CalPERS cost projections and to begin discussions on the development of a plan to address the City's rising CalPERS costs.



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