

FY 2018-2020 Proposed Two-Year Budget: Questions and Answers

May 1, 2018 City Council Meeting

1. Does the Proposed FY 2018-2020 Two-Year Budget include the Water and Electric utility rate increases conceptually approved by the City Council on January 18, 2018?

Yes, the Proposed FY 2018-2020 Two-Year Budget and FY 2018-2023 CIP documents include the proposed water and electric utility rate increases.

Electric Assumptions FY 18/19 & 19/20:

	FY 18/19	FY 19/20
Includes rate proposal (Avg. rate)	2.95%	3.0%
Usage Growth	-3.2%	0.9%
Customer Growth	0.5%	0.6%
Retail sales will have a reduction in usage in FY 18/19 due to a hot summer in FY 17/18 (June to September 2017) with 18/19 going back to normalized weather patterns.		

BUDGET ASSUMPTIONS – ELECTRIC REVENUES



Water Assumptions FY 18/19 & 19/20:

	FY 18/19	FY 19/20
Includes rate proposal (Avg. rate)	4.5%	5.75%
Usage Growth	2.4%	-0.08%
Customer Growth	0.7%	0.7%

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In FY 16/17 retail sales had a large bounce back after mandates were lifted. FY 17/18 and after it begins to tail off due to customers behavioral patterns changing from conservation efforts. With the rate proposal and two year budget, in FY 18/19 we are anticipating some continued growth while including impacts of the rate proposal and permanent conservation. FY 19/20 will have a small decrease in usage by our customers due to rate increase.

BUDGET ASSUMPTIONS – WATER REVENUES



May 8, 2018 City Council Meeting

1. What does Parks, Recreation and Community Services Department use the Riverwalk Landscape Maintenance District (LMD) funding for?

In August 2002 the Riverwalk Landscape Maintenance Assessment District was formed by property owner ballot, pursuant to the requirements established by Proposition 218. The cost of maintaining the landscaping and administration of the District is assessed to the property owners within the District. The landscape improvements designed for the project area are in excess of normal City standards and the construction of the improvements has been funded by the Riverwalk Assessment District.

2. Is the Parks, Recreation and Community Services Department at Risk of losing CDBG Funding if projects are not completed?

The Community and Economic Development Department (CEDD) administers the Community Development Block Grant (CDBG) funding. Funds received for eligible projects by City Departments must be used within specific timeframes.

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Failure to use the funds timely or for the intended purpose, would require those funds to be reallocated for additional projects.

3. What funding in Measure Z has been set aside specifically for Parks, Recreation and Community Services?

No Measure Z funds have been specifically allocated to the Parks, Recreation, and Community Services Department for additional positions or specific program enhancements. Measure Z funding, through the deferred maintenance allocation of \$1 million per year administered by the General Services Department, will provide a direct benefit to the Parks, Recreation, and Community Services Department in FY 2017-18:

- Arlanza CC HVAC (\$21,000)
- Dales CC HVAC (\$40,000)
- Cesar Chavez CC HVAC (\$75,000)
- Pool Filter Replacements (\$120,000)

4. What are the unfunded needs of the Arlington Youth Innovation Center (AYIC)?

On May 15, 2018, the City Council approved the construction contract for the AYIC. Currently, the City is working on locating funding for furniture, fixtures, and equipment (FF&E) of \$600,000 and studying the best way to fund ongoing operations of \$300,000 (e.g. sponsorships, community partners, etc.)

5. Can the Main Library be redesigned to save costs?

The current design of the new Main Library was approved by the City Council on October 3, 2017. This represented a \$10 million increase over the prior estimates due to including an arcade on the ground floor that would provide linkage for future growth, increased pedestrian traffic and future retail activity. Incorporating the arcade on the ground floor raised the original design of a two story to a three story building. On December 19, 2017, the City Council approved funding for a City Archive to be part of the Main Library project at a total cost of \$3.3 million. Staff estimates that a standalone City Archive would cost approximately \$7 million to build. The total project cost, including the City Archive is approximately \$43.3 million.

6. How does the proposed funding for Library collections compare to prior years?

Funding for the library collections in the Proposed FY 2018-2020 Two-Year Budget ranges from \$102,000 to \$104,200 in each fiscal year, which is consistent with funding in FY 2016-2018 Two Year Budget of \$100,000 in each fiscal year.

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7. For the Museum, what are the roles and responsibilities for two positions listed on the critical unfunded needs: Manager of Institutional Advancement and Manager of Curatorial Services

The Manager of Institutional Advancement will be responsible for direct fund raising in the community, including generating sponsorships, writing grants, and supervising all aspects of revenue generation outside of the General Fund. The Manager of Curatorial Services will oversee all aspects of exhibition development, collections care, and adjunct programming.

8. What is the plan to replace the City's current GIS system, CADME?

The City plans to seek approval from the Board of Public Utilities and the City Council in June 2018 to replace CADME with ArcGIS technology and a web based viewer. The City will leverage many of its current ESRI licenses and looks to implement the \$3.5 million project over the next 18-24 months.

9. When will the City's new permitting system, Computronix, be launched?

Phase I of Computronix, which replaces the City's legacy permitting system, Permits Plus, is scheduled to "go-live" in August 2018. Phase II is scheduled for March 2019 and will include Planning, Fire, Public Works, Public Utilities and other unique permitting processes. The City is also looking at Phase 3, which may include a centralization of Business Tax Licensing, Code Enforcement and electronic plan review; completion date tentatively scheduled for 2020.

May 15, 2018 City Council Meeting

1. How many water wheeling agreements do we have and how much to they bring in?

Currently, the City has one agreement in place with Western Municipal Water District for wheeling and surplus water sales and it generates approximately \$5 million to \$6 million annually. Water conveyance and sales to other agencies are estimated to be \$1 million to \$2 million for a total of \$8 million per year. RPU staff are currently in discussions with Jurupa Community Services District and the City of Norco. Staff is conducting a cost analysis for building a connection between the two systems and may be able to provide an update to the Council in 6 months.

2. Can the City bond against the revenue generated specifically by water wheeling agreements?

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Yes, the City can issue debt that is backed by specific revenues if they are measurable for a defined period of time and are not included as collateral in other debt related instruments.

3. If the proposed Public Utilities Department efficiency measures are not approved, what is the impact?

The Proposed FY 2018-2020 budget includes approximately \$2.5 million in personnel savings (\$2.1 million) and non-personnel (\$400,000) efficiencies. If these measures are not approved, the Public Utilities Department will need to find other cost reductions or revenue enhancements.

4. What is the cost of a homeless cleanup for Refuse Division of Public Works?

In addition nearby business and resident complaints, homeless encampments can create multiple public health and safety concerns: fire hazard, hazardous materials, soils contamination and potential flooding.

During a recent homeless encampment clean-up effort (See Exhibit A), multiple agencies response. Public Works alone deployed 19 employees, 12 pieces of heavy equipment and removed 49.6 tons of trash. The estimated one-day Public Works' cost for this clean-up is approximately \$15,000 (excludes PW admin and safety officer time).

FTEs

- Senior Solid Waste Operators (8)
- General Service Worker (1)
- Street Maintenance Supervisor (1)
- Street Maintenance Specialists (2)
- Street Maintenance Crew Leader (1)
- Street Maintenance Workers/Specialists (3)

- Heavy Equipment Operators (3)

Equipment

- 3 Dump trucks (3)
- Roll off trucks (2)
- Backhoe (1)
- Skid steer (1)
- Front loader (1)
- Pickup trucks (3)
- Rear Loader (1)

5. How are costs shared between the City and railroads for the Quiet Zones?

The City is responsible for the costs to maintain any additional equipment added for the Quiet Zones. The cost per crossing varies as it is dependent on the equipment required to implement the quiet zone. Estimated costs per crossing is about \$15,000 to \$20,000.

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6. What is the status of the No Place Like Home funding?

The No Place Like Home Program was signed into legislation by the Governor. Since it was not a ballot initiative it is currently in the validation process in Superior Court, where it's been in the process for approximately 1 ½ year. It is anticipated that court validation will be complete by mid-2019 with available funding by the summer of 2019.

7. What is the status of the grant to funding \$2 million for new handheld radios?

The Fire Department submitted a grant for approximately \$2 million to the Department of Homeland Security – Assistance to Firefighters program for handheld radios. If successful, the City would be notified between June to December 2018.

8. What two fire apparatus do not currently have 4 firefighters to an engine?

The Fire Department listed an unfunded need for 6 additional Firefighter positions to bring staffing levels on Truck Company 2 and Truck Company 3 to a total of four firefighters. Both trucks are currently operational and are staffed with three firefighters.

May 22, 2018 City Council Meeting

1. Why did total debt service go down from FY 2016-17 to the Proposed FY 2018-2020 Two-Year Budget?

In FY 2016-17, the City worked with a developer to payoff \$19 million in debt on the Hyatt Hotel and refinanced an annual \$32 million bond anticipation note into a 10-year pension obligation bond. This reduced overall debt service payments in future years by approximately \$51 million in the General Fund. The 10-year pension bond is funded by Measure Z.

2. Has the City contacted UCR about the proposal to reduce intern sponsorships by \$5,000 in the City Manager's Office?

After further conversation, the City has decided not to move forward with this measure.

3. Is the level of Community Police Review Commission (CPRC) consistent with prior years?

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The proposed operating budget for the CPRC is approximately \$242,000 in FY 2108-19 and \$246,000 in FY 2019-20. These amounts are consistent with the FY 2018-18 operating budget of approximately \$241,000.

Exhibit A: Homeless Encampment Clean-up



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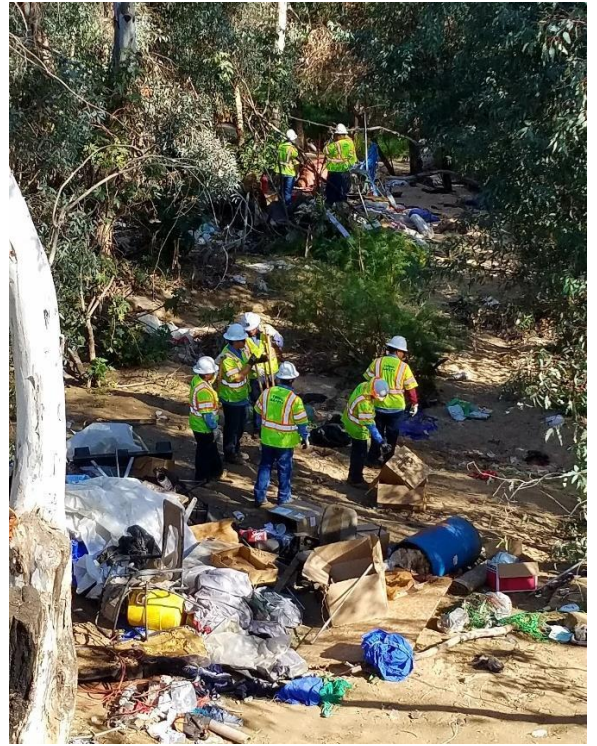


Exhibit A: Homeless Encampment Clean-up

