



REVISED

Date: 5-19-20
Item No.: 10

City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: MAY 19, 2020**
FROM: FINANCE DEPARTMENT **WARDS: ALL**
SUBJECT: PROPOSED FISCAL YEAR 2020/21 EMERGENCY BUDGET, SET PUBLIC HEARING

ISSUES:

Receive and provide input on the proposed Fiscal Year 2020/21 Emergency Budget and set a public hearing for adoption of the FY 2020/21 Budget.

RECOMMENDATIONS:

That the City Council:

1. Receive and provide input on the proposed Fiscal Year 2020/21 Emergency Budget; and
2. Set a public hearing for adoption of the Fiscal Year 2020/21 Budget for June 16, 2020.

LEGISLATIVE HISTORY:

Several City Charter sections provide the procedural requirements for adoption of the budget by the City Council:

- **Article IV, Section 601(a-c)** requires the City Manager to keep the City Council advised of the financial condition of the City and annually prepare the City's budget and capital improvement plan (CIP) for review and adoption by the City Council.
- **Article VIII, Sec. 806(c):** Planning Commission; Make recommendations concerning proposed infrastructure improvements and redevelopment activities in support of planned land uses.
- **Article VIII, Section 808(c)** requires the Board of Library Trustees to consider the annual budget for library purposes during the process of its preparation and make recommendations with respect thereto to the City Council and the City Manager.
- **Article VIII, Section 809(b)** requires the Park and Recreation Commission to consider the annual budget for parks, recreation, parkways and street tree purposes during the process of its preparation and make recommendations with respect thereto to the City Council and the City Manager.

- **Article XII, Section 1202(a)** requires the Board of Public Utilities to consider the annual budget for the Department of Public Utilities during the process of its preparation and make recommendations with respect thereto to the City Council and the City Manager
- **Article XI, Section 1101** requires that the City Manager shall provide the City Council with a proposed budget at least thirty-five calendar days prior to the beginning of each fiscal year. After review, the City Council shall determine the time for the holding of a public hearing for the budget adoption; the public notice of the budget hearing published no less than twenty days prior to said hearing. Additionally, copies of the proposed budget shall be available for inspection by the public in the office of the City Clerk and on the City's website at least twenty days prior to the public hearing.
- **Article XI, Section 1102 and 1103** requires the City Council to hold the public hearing for the proposed budget adoption, seek public input, and make any revisions to the budget it deems necessary. The City Council may adopt the budget after the public hearing or postpone the date of adoption no later than July 1st.

BACKGROUND:

The City adopted a biennial budget and five-year planning process in 2016 to provide a more informative, long-term outlook on City finances. Due to the unprecedented economic environment prompted by COVID-19 and the ongoing shelter-in-place order, a one-year emergency budget is proposed for adoption because the fiscal impact of COVID-19 cannot be reasonably estimated at this time: the shelter-in-place order is the primary driver of current economic conditions and until this order is lifted, the timing and nature of an economic recovery remains unknown. Even after the stay at home order is lifted the toll it has taken on the local economy and psyche of citizens will still be highly unpredictable. Time alone will provide us a better barometer of the impacts, but not until the order is lifted.

In a normal budget development environment, staff seeks feedback from advisory boards, commissions, and committees; community groups; and City Council on departmental budgets and General Fund balancing measures to incorporate into the proposed budget. Due to the impact of COVID-19 on public and community meetings, the City has streamlined the current budget process to adopt an emergency FY 2020/21 budget while remaining compliant with Charter requirements, as follows:



Normal Budget

- **Budget development**
 - 2-year budget, 5-year plans
 - Program/service impacts
- **Public body & community feedback**
 - Department presentations
 - Boards/Commissions per Charter requirements
 - Other public bodies
 - Ward meetings/workshops
 - Community group meetings
- **Council Budget Workshop**
- **Incorporate feedback**
 - Balancing measures



Emergency Budget

- **FY 2019/20 Rollover Budget**
 - Incorporate known and unavoidable items (e.g. MOU impacts; CalPERS UAL payment; debt obligations, election costs for Charter update)
 - Discretionary spending flat
 - Approved personnel changes; reorganizations
- **Council presentation only** of proposed budget
 - Balancing measures
- **Council adoption**
- **Intra-cycle budget updates** with public body feedback



Reason for Change

- **Essential meetings mandate:** Governor's Stay at Home Order limits public meetings
- **Incorporate recent feedback on FY 2019/20 budget**
 - The 'roll over' allows the City the opportunity to use the budget details, as recently presented and discussed to be duplicated for the FY 2021/21 Emergency Budget
 - Budget Engagement Commission
 - Council
 - Other public bodies

DISCUSSION:

Budget Overview – Citywide

The proposed fiscal year (FY) 2020/21 emergency budget totals \$1.19 billion, comprised of \$1.08 billion in operating expenses and \$110 million in planned capital projects. Attachment 1 includes the FY 2020/21 proposed budget details for all City funds, departments, and capital projects.

Due to the inability to predict the fiscal impact of COVID-19 at this early date, only the General Fund and Measure Z have been adjusted for potential COVID-19 impacts in the FY 2020/21 emergency budget, except for vacancy savings targets proposed in most funds. All City funds will be monitored closely during the fiscal year, and intra-cycle adjustments proposed on a quarterly basis during the FY 20/21 fiscal year will be brought to the respective board or commission for recommendation to City Council as more information becomes available.

The Citywide operating budget totals \$1.08 billion and does not incorporate staff's suggested balancing measures for the General Fund and Measure Z spending plan revisions detailed later in this report. Following Council guidance on these two items, adjustments will be incorporated into the proposed budget for adoption on June 16, 2020.

The operating schedule below includes a revenue reduction line item for uncategorized potential COVID-19 impacts on General Fund revenues. General Fund revenue reductions as a result of COVID-19 are discussed in detail in this report.

CITYWIDE BUDGET SUMMARY - OPERATING
Proposed FY 2020/21 Emergency Budget

Revenues & Transfers In

Taxes	\$239,609,327
Licenses & Permits	12,922,118
Intergovernmental	34,657,946
Charges for Services	630,085,449
Fines & Forfeits	5,359,390
Special Assessments	11,881,391
Miscellaneous	28,973,728
Rents	2,337,083
Other Financing Sources	586,000
Operating Transfers In	112,752,853
COVID-19 Contingency Revenue Reduction – General Fund	(7,754,870)
Total Revenues & Transfers In	\$1,071,410,415

Expenditures & Transfers Out

Personnel Services	\$382,832,570
Non-personnel Expenses	402,151,536
Special Projects	53,949,047
Equipment Outlay	5,410,195
Debt Service	154,410,466
Capital Outlay	571,067
Charges from Others	96,986,053
Charges to Others	(125,268,857)
Operating Transfers Out	112,752,853
Total Expenditures & Transfers Out	\$1,083,794,930

Capital projects are funded through available operating revenues, bond proceeds, grants, fund reserves, and other funding sources. Bond and grant revenues are not included in the proposed budget but are budgeted when the bond is issued or when a grant is awarded and approved by City Council for use on a capital project. Internal controls exist to ensure that capital projects do not commence until funding is received or assured to become available.

CITYWIDE BUDGET SUMMARY - CAPITAL
FY 2020/21 Proposed Capital Budget

Funding Sources

Electric Utility	\$41,663,797
Water Utility	30,616,405
Transportation Funds	14,969,492
Measure Z Capital	7,237,955
Sewer (Bond Proceeds)	14,000,000
Other	1,575,766
Total Funding Sources	\$110,063,415

Funding Uses

Airport	\$104,225
Electric	41,663,797
Innovation and Technology	2,909,496
Municipal Buildings and Facilities	1,000,000
Parks, Recreation, and Community Services	325,000
Railroad	772,700
Sewer	14,000,000
Storm Drain	650,000
Transportation	18,021,792
Water	30,616,405
Total Funding Uses	\$110,063,415

Budget Overview – General Fund

The proposed FY 2020/21 General Fund budget totals \$278.4 million, a decrease of \$2 million as compared to the FY 2019/20 amended budget adopted by Council on June 18, 2019. **Council guidance and direction on balancing measures totaling \$25.7 million is required to achieve a balanced budget.**

GENERAL FUND
FY 2020/21 Proposed Budget

Revenues & Transfers In	\$252,703,027
Expenditures & Transfers Out	278,400,277
Balancing Measure Requirement	\$(25,697,250)

Revenue: Revenue assumptions made prior to COVID-19 and totaling \$280.8 million were based upon information provided by the City's sales and property tax consultant HdL, trend analysis, and consideration of economic factors. The most notable impact to General Fund resources aside from COVID-19 is a programmed \$6.5 million reduction in Measure Z support to the General Fund via the Measure Z funding gap line item in the 2016-2021 five-year spending plan prepared in Spring of 2017. That plan projected that strong, sustained revenue growth and one-time revenues in the General Fund would offset rising operating costs. Following best budgeting practices, the

City no longer balances operating costs on unpredictable and unreliable one-time revenues, such as sales of City property. Additionally, one-time revenues are now subject to the Pension Funding Policy, which ensures that the City allocates a portion of unanticipated one-time revenues toward the long-term management of rising pension costs.

Expenditures: The proposed expenditure budget includes known and unavoidable cost increases, including estimated personnel cost increases consistent with employee agreements (\$7.1 million excluding vacancy savings targets); an increase in the annual CalPERS unfunded accrued liability payment (\$3.5 million); and an increase in election costs related to the City Charter review (estimated at \$1.4 million). City departments were required to maintain a flat budget in discretionary spending categories, forcing them to absorb contractual, mandated, and other unavoidable cost increases by reducing discretionary line items such as equipment replacement, training, and supplies. As a result of COVID-19, staff has incorporated a vacancy savings target of \$15.5 million into the proposed budget, representative of positions that are currently vacant.

Potential COVID-19 Impacts on the General Fund Budget

Although the FY 2020/21 preliminary budget was successfully balanced using vacancy savings, it would be irresponsible to ignore certain COVID-19 impacts on the General Fund. While the fiscal impact cannot be reasonably estimated at this time, staff suggests that the City plan for a 10% revenue reduction totaling \$28.1 million and consider balancing measures that leave General Fund reserves intact. The estimated 10% reduction is based on revenue declines experienced immediately following previous economic recessions such as the 2008 Great Recession as well as limited data available during the current pandemic.

- **Property Tax:** Contingency reduction of 2% (\$1.45 million). Property tax accounts for 25.7% of projected General Fund revenues. COVID-19 has resulted in a slow-down of home sales and new construction, so the original projected 3% growth in this category is not expected to be achieved. Due to the delayed impact of COVID-19 on the housing market, a modest 2% contingency revenue reduction is included in the proposed budget, reducing the projected 3% growth to 1%.
- **Sales Tax:** Contingency reduction of 14.1% (\$9.8 million) based on HdL projections in conjunction with staff discussion. Sales tax accounts for 24.7% of projected General Fund revenues. With business activity limited to essential services and human movement minimized, consumer spending has plummeted. HdL projects a 14.6% total revenue loss for the remainder of FY 2019/20, with moderate growth beginning in mid FY 2020/21.
- **Transient Occupancy Tax (TOT):** Contingency reduction of 65% (\$5 million). TOT accounts for 2.8% of projected General Fund revenues. With travel and entertainment at a near standstill, hotel occupancy is expected to drop 90% in FY 2019/20 followed by slow recovery: consumers are unlikely to quickly resume pre COVID-19 travel and spending behaviors.
- **Licenses and Non-Developer Permits:** Contingency reduction of 30% (\$2.9 million). This revenue accounts for 3.5% of projected General Fund revenues and includes animal licenses, business licenses, and other miscellaneous permits. Business licenses in particular (86% of this category) are expected to decline as a result of the financial hardships and potential permanent business closures prompted by COVID-19.

- **Non-Development Charges for Services:** Contingency reduction of 10% (\$1.1 million). This revenue accounts for 3.9% of projected General Fund revenues; 33% (\$3.7 million) of this category is comprised of Parks and Recreation fees, which are expected to experience a gradual recovery period as customers resume pre COVID-19 activity levels.
- **Other Revenues:** A total of \$7.8 million of additional revenue reduction contingencies is incorporated into the proposed budget, allowing a buffer for the unknown impacts of COVID-19 on other revenues such as franchise fees, building and other permits, and the general fund transfer, or for larger impacts than expected on revenues already reduced.

Other risk factors exist for the General Fund that may need to be addressed in the future. Given the turmoil in the financial market uncertainty exists on how CalPERS investments will be impacted at year end which could result in significant increases in unfunded liability payments beginning July 2022. Additionally, the City consistently receives legal challenges to the general fund transfer from the Electric and Water funds. Any unsuccessful attempt to defend the legality of the transfer could have a detrimental impact to the General Fund. The combined transfer represents approximately \$49 million or 17.3% of General Fund revenue.

Budget Overview – Measure Z

Measure Z revenues will be impacted by COVID-19 by an unpredictable amount. FY 2019/20 revenue projections were revised in the second quarter to \$62.3 million (5% increase) based on strong revenue performance. Due to COVID-19, that projection has been reduced by 10% based on information provided by our sales tax consultant HdL in conjunction with staff discussion and is estimated at approximately \$56 million. FY 2020/21 revenue projections have been reduced by 10% as a cautionary measure and are estimated at \$56.2 million down from initial budgetary projections of approximately \$63 million.

The current Measure Z spending plan extends through FY 2022/23. The BEC routinely receives agenda items related to Measure Z and provides feedback and recommendations on spending initiatives. Recent discussions considering the Measure Z spending plan in its entirety include:

- **September 12, 2019:** Review Measure Z Five Year Spending Plan Commitments and Expenditures in Context of the CalPERS Challenge
 - The BEC unanimously recommended to further discuss specific spending items at a future meeting. (Attachment 4)
- **October 10, 2019:** Update on the General Fund Five Year Plan and the Measure Z Contributions to the General Fund
 - The BEC voted to further discuss the Public Safety Non-Sworn Positions & Recruitment Costs (#6) spending items at a future meeting with a vote of 14 Ayes, 1 Noes, and 0 Abstentions. (Attachment 4)
- **January 16, 2020:** Discussion and Consideration of the current Measure Z Five Year Spending Plan
 - The BEC made recommendations on specific individual spending items as noted later in this report; refer to Attachment 4 for details.

Changes incorporated into the proposed Measure Z spending plan (pre COVID-19) include:

- **Spending Contingency (#4):** Eliminate. Allocation of the spending contingency would

require Council action, as would the use of Measure Z unallocated reserves. For this reason, this item is no longer recommended to be budgeted.

- **Police Officer Lateral Hire Incentives and Recruitment Costs (Item #7):** Reduce to \$200,000 annually, maintaining funding only for recruitment costs. The Police Department does not anticipate a need to offer hiring incentives.
 - **BEC recommendation:** On January 16, 2020, the BEC discussed the 2018-2023 Measure Z Spending Plan and recommended that all funding for this spending item be removed, with a vote of 10 Ayes, 1 Noes, and 0 Abstentions. (Attachment 4)
- **Ward Action Team - City Manager's Office Item (#32):** Eliminate the City Manager's Office Ward Action Team position; related activities have been absorbed by existing General Fund staff.
 - **BEC recommendation:** On January 16, 2020, the BEC discussed the 2018-2023 Measure Z Spending Plan and unanimously voted that this spending item be removed. (Attachment 4)

Additional Measure Z funding will likely be required to provide financial assistance to the General Fund if COVID-19 fiscal impacts are too great for the General Fund to absorb through other mitigating actions. Therefore, re-prioritization or deferment of one-time Measure Z spending items is recommended to 1) offset Measure Z revenue declines and 2) set aside funding to preserve General Fund operations, if needed.

Attachment 2A itemizes spending plan items and amounts already incorporated into the proposed FY 2020/21 emergency budget. The following adjustments are recommended as compared to that plan and are shown in red-line format in Attachment 2B. Changes through FY 2022/23 are listed and described below. **The revisions approved by Council will be incorporated into the proposed FY 2020/21 budget for adoption on June 16, 2020 and incorporated into the updated FY 2018-2023 Measure Z spending plan.**

<u>POTENTIAL MEASURE Z SPENDING PLAN REVISIONS</u>					
Spending Item	Action	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23
18 General Fund Support - Maintain Programs & Services	Maintain 2020 Level		\$6,531,749	\$6,179,721	\$5,817,132
25 New Police Headquarters	Defer to FY 2023	\$(2,132,000)	(2,132,000)	(3,652,000)	(277,974)
26 Museum Expansion & Rehabilitation	Defer to FY 2023		(807,550)	(1,533,270)	(213,376)
27 Downtown Parking Garage	Eliminate		(807,550)	(1,533,270)	(1,533,270)
39 Public Safety & Engagement Team Program	Continue at \$2.8M total		1,631,081	1,260,455	1,198,340
Total Potential Revisions (Savings) / Spending		\$(2,132,000)	\$4,415,730	\$721,636	\$4,990,852

- **General Fund Support - Maintain Programs & Services:** The FY 2016-2021 Measure Z plan adopted in May 2017 included a reduction of \$6.5 million in General Fund support predicated on a General Fund five-year plan that projected strong, continued revenue growth and significant one-time revenues such as the sale of City property to offset increasing operating costs. However, as a result of COVID-19 it is recommended that the funding level be restored to the current level at FY 2019/20 for the near term.
- **New Police Headquarters:** Because debt was not issued in FY 2019/20 as planned, the proposed FY 2020/21 Measure Z plan included the mid-year debt issuance at \$2.1 million. This project is recommended to be deferred to FY 2022/23. Although the debt repayment period is shorter, updated debt payment estimates are lower than those currently included in the proposed updated FY 2018-2023 spending plan.
- **Museum Expansion & Rehabilitation:** The proposed budget includes an anticipated debt issuance in mid FY 2020/21. Due to the potential impacts of COVID-19 on available resources, this project is recommended to be deferred to FY 2022/23. Although the debt repayment period is shorter, updated debt payment estimates are lower than those currently included in the proposed updated FY 2018-2023 spending plan; however, financial market conditions are extremely unpredictable.
 - **BEC recommendations:** On January 16, 2020, the BEC discussed the 2018-2023 Measure Z Spending Plan and requested a follow-up presentation by the Museum regarding architectural plans, options, and its associated costs. On March 12, 2020, the BEC received the follow-up presentation and recommended that the project remain in the Measure Z plan with a vote of 9 Ayes, 4 Noes and 0 abstentions; draft minutes for the March 12 meeting have not yet been approved by the BEC.
- **Downtown Parking Garage:** Due to the uncertainty of COVID-19 on parking fund revenues and continuing discussion regarding City-owned parking and related operating and funding strategies, staff recommends removing this item from the Measure Z spending plan to free up funding for other critical operating needs.
 - **BEC recommendation:** On January 16, 2020, the BEC discussed the 2018-2023 Measure Z Spending Plan and recommended that City Council eliminate this item from the Measure Z five-year spending plan.
- **Public Safety & Engagement Team Program (PSET):** This item includes funding for seventeen (17) personnel already incorporated into the FY 2020/21 proposed budget and *Citywide Budget Summary – Operating* table. Staff recommends continuing the program through the FY 2018-2023 spending plan at \$2.8 million annually (the FY 2019/20 funding level is \$3.4 million). If Measure Z funding is discontinued, the positions will need to be transferred to the General Fund and additional balancing measures of \$1,168,919 will be required for the FY 2020/21 proposed budget, or the positions would need to be vacated by June 30, 2020.

General Fund Balancing Measures

Council guidance and direction on General Fund balancing measures totaling \$25.7 million is required to achieve a balanced budget. Staff has identified the following balancing measures for consideration:

Balancing Measure	Amount
POB Issuance	\$7,000,000
Maintain Measure Z FY 2019/20 Support Level	6,531,749
Allocate Unspent Measure Z Contingency (2019-2021)	6,000,000
Section 115 Trust (\$9.1 million current value)	6,165,501
Net Impact	\$25,697,250

- **POB Issuance:** On May 5, 2020, City Council approved the issuance of a Pension Obligation Bond (POB) in FY 2019/20 which if successfully issued will generate a minimum savings of \$7 million in FY 2020/21. If the POB is not issued by June 30, 2020, no savings will be realized in FY 2020/21 and additional balancing measures will need to be considered.
- **Maintain Measure Z FY 2019/20 Support Level:** Preserving the Measure Z contribution to the General Fund at the same level as FY 2019/20 (\$18.3 million) will offset \$6.5 million of the deficit resulting from the COVID-19 revenue reduction.
- **Allocate Unspent Measure Z Contingency (2019-2021):** A total of \$6 million was programmed in the 2018-2023 Measure Z spending plan's Measure Z Spending Contingency (#4) line item over three years from FY 2018/19 through FY 2020/21. The amount has not been expended and is recommended to be leveraged as a balancing measure for the FY 2020/21 General Fund budget. The unexpended FY 2018/19 amount was moved to unallocated fund reserves at fiscal year-end in the amount of \$2 million.
- **Section 115 Trust:** In 2019, Council approved the establishment of a Section 115 Pension Trust for the long-term management of pension costs. The current value of \$9.1 million is available for withdrawal to pay a portion of the City's required CalPERS UAL payment in FY 2020/21.

The balancing measures approved by Council will be incorporated into the proposed FY 2020/21 budget presented for adoption on June 16, 2020.

Potential COVID-19 Impacts on Other City Funds

Other City funds expected to be impacted by COVID-19 will be addressed during intra-cycle updates as more information is gathered, but are not limited to:

- **Special Gas Tax:** The majority of the City's street projects are funded by State gas tax funds and vehicle registration fees. The dramatic decline in fuel and auto sales may require deferment of planned capital projects for the City's streets. The General Fund proposed FY 2020/21 budget includes expenditure reimbursements from the Special Gas Tax fund of approximately \$1.3 million for qualifying General Fund expenditures on planned capital projects, including personnel costs. To the extent financially practical these projects should be considered a priority which will help alleviate the General Fund having to absorb these costs.
- **Measure A:** Measure A funds come from a County of Riverside half-cent sales tax passed in 1988. The funds passed through to the City are required to be spent on local streets and

roads. This funding source is impacted by sales tax performance, which is expected to underperform due to COVID-19 and may result in the deferral of planned capital projects.

- **Public Parking Fund:** Parking revenues have declined sharply due to the shelter-in-place order, compounding existing fiscal challenges in the Public Parking fund. The fund operates on a very narrow margin in most years, and partial use of fund reserves has been needed for critical capital projects, maintenance, and repairs. The deferral of planned capital projects should be assessed as revenue declines materialize.
- **Convention Center:** The Convention Center is temporarily closed due to the shelter-in-place order. The General Fund subsidizes 100% of debt obligations (\$3.45 million in FY 2020/21) for the Convention Center Fund and operating losses. In FY 2018/19, the Convention Center posted a nominal profit, but the Riverside Convention & Visitor's Bureau and the Sports Commission required an operating subsidy totaling \$1.6 million. The FY 2020/21 proposed budget includes an operating subsidy of \$1.75 million for this fund.
- **Entertainment Fund:** The Entertainment Fund encompasses the Fox and Box theaters and the Municipal Auditorium. The General Fund pays 100% of debt obligations (\$3.29 million in FY 2020/21) and backfills operating losses. In FY 2018/19, the General Fund subsidized \$444,000 in operating costs; \$547,600 is included in the FY 2020/21 proposed budget.

Personnel

The FY 2020/21 proposed budget includes a citywide increase of 19.38 full-time equivalent (FTE) positions over the FY 2019/20 budget. Subsequent to the COVID-19 emergency, most vacant positions were unfunded due to the suspension of recruitment. Refer to Attachment 3 for comprehensive personnel schedules and explanations of changes from FY 2019/20.

- **General Fund: 6.0 increase in FTE (Zero cost)**
 - *Add 4.0 FTE funded by Riverside Public Utilities (RPU):* Transfer 3.0 FTE from RPU to the General Fund to reflect the existing employee reporting structure and Inter-Departmental Service Level Agreements; add 1.0 FTE Construction Inspector. There is no cost to the General Fund; these positions are fully funded by RPU.
 - *Grant positions (2.0 FTE):* Add grant positions partially funded by the General Fund to the schedule of General Fund positions. These positions were previously approved by Council upon acceptance of the respective grant funding.
- **Measure Z: 13.53 increase in FTE**
 - *Additional Sworn Police Positions (#5):* 13.0 FTE to be added in Year 5 (FY 2020/21) per the adoption of the original spending plan in May 2017. These positions are vacant and therefore unfunded in FY 2020/21 of the proposed spending plan (Attachment 2A), consistent with the citywide COVID-19 contingent vacancy savings target for all City funds.
 - *Additional Dispatchers (#8):* 2.0 FTE to be added in Year 5 (FY 2020/21) per the adoption of the original spending plan in May 2017. These positions are vacant and therefore unfunded in FY 2020/21 of the proposed spending plan (Attachment 2A), consistent with the citywide COVID-19 contingent vacancy savings target for all City

funds.

- *Ward Action Team - City Manager's Office (#32)*: 1.0 FTE vacant position removed; this position was never filled. Related activities have been absorbed by existing General Fund staff.
- *Recreation - Summer Pools (#37)*: 1.47 FTE vacant positions removed; funding for this item expires in FY 2019/20.
- *Public Safety and Engagement Team Program (#39)*: 1.0 FTE added in the Parks Division as a result of a staff reorganization with a net zero monetary impact.
- **Grants & Restricted Programs Fund: 2.0 increase in FTE**
 - *Certified Unified Program Agency (CUPA)*: 2.0 FTE added to reflect Council approval in FY 2019/20 of positions funded by the CUPA program.
- **Public Utilities: 3.15 decrease in FTE**
 - *Transfer 3.0 FTE*: From Riverside Public Utilities (RPU) to the General Fund to reflect the existing employee reporting structure and Inter-Departmental Service Level Agreements. These positions are fully funded by RPU.
 - *Decrease 0.15 FTE*: The net effect of a multitude of reorganizational changes described in Attachment 3.
- **Refuse: 3.0 increase in FTE**
 - *Add 3.0 FTE*: As recommended in the Solid Waste and Recycling Program Strategy and Economic Study Report presented to City Council in January 2020 to expand the hauling program and add two routes per day for solid waste pick-ups.
- **Sewer: 2.0 decrease in FTE**
 - *Delete 2.0 FTE*: The net effect of reorganizational changes described in Attachment 3.

FISCAL IMPACT:

City Council's feedback on the proposed emergency budget will be incorporated into the final documents presented to the City Council on June 16, 2020 for adoption of the FY 2020/21 Annual Budget.

Prepared by: Kristie Thomas, Budget Manager
Certified as to
availability of funds: Edward Enriquez, Chief Financial Officer/Treasurer
Approved by: Charlie Myers, Deputy City Manager
Approved as to form: Gary G. Geuss, City Attorney

Attachments:

1. Budget Schedules
2. Measure Z Spending Plan
3. Personnel Schedules
4. BEC Meeting Minutes
5. Presentation