REVISED

Date: 5-16-23
Item No.: 8

Proposed Amendment of the FY 2023/24 Budget

Finance Department

City Council
May 16, 2023

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BACKGROUND

- June 21, 2022: FY 2022-24 Biennial Budget and FY 2022-2027 Capital Improvement Plan adopted.
- Update Year 2 (FY 2023/24):
  - Assess developments over last fiscal year
    - Revenue performance
    - Council Actions with fiscal impact
    - Rising costs
    - Emerging operational needs, ability to advance strategic priorities
  - Assess opportunities
  - General Fund and Measure Z adjustments leverage increased revenues
  - Sewer Fund addresses rising costs and capital needs

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GENERAL FUND OVERVIEW

Update Strategy

- Leverage one-time sales tax revenue growth, new baseline for future projections
- Recognize hiring challenges and personnel savings – allocate projected 5% personnel savings to spending priorities
- Assess operational needs
- Assess ways to advance the City's strategic priorities through funding allocations

Revenue Highlights

Adopted:
- Based on FY 2020/21 and year-to-date (Spring 2022) revenue trends
- Gradual recovery from the pandemic

Adjustments:
- Based on FY 2021/22 and year-to-date (Spring 2023) revenue trends
- $15.3M increase in revenue projections

Expenditure Highlights

Adopted:
- CPI increase, no balancing measures, all positions funded

Adjustments:
- Personnel refresh
- Address rising costs
- Address operational needs following years of budget constraints
- Propose funding initiatives to advance the City's strategic priorities, including shoring up internal support services

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GENERAL FUND SUMMARY

Category	Adopted Budget	Proposed Adjustments	Amended Budget
Revenues and Other Resources	$318,229,147	$15,267,116	$333,496,263
Expenditures and Transfers Out	311,113,181	15,637,616	326,750,797
Surplus/(Deficit)	**$7,115,966**	**$(370,500)**	**$6,745,466**
Contribution to Infrastructure & Technology Reserve			5,000,000
Remaining Balance			**$1,745,466**

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GENERAL FUND REVENUE ADJUSTMENTS

Revenue Category	Adopted Budget	Proposed Adjustments	Amended Budget	% Amended
Property Taxes	$79,895,400	$4,536,046	$84,431,446	5.7%
Sales and Use Tax	85,914,880	8,121,316	94,036,196	9.5%
Transient Occupancy Tax	7,317,100	1,265,000	8,582,100	17.3%
Licenses and Non-Developer Permits	9,166,455	862,400	10,028,855	9.4%
Non-Development Charges for Services	10,769,145	145,000	10,914,145	1.3%
Developer Fees and Charges for Services	6,946,746	425,000	7,371,746	6.1%
Fines and Forfeits	1,921,827	(4,000)	1,917,827	-0.2%
Miscellaneous Revenues	3,203,929	(83,646)	3,120,283	-2.6%
General Fund Transfer	53,202,300	-	53,202,300	0.0%
Other Revenues	59,891,365	-	59,891,365	0.0%
Total	**$318,229,147**	**$15,267,116**	**$333,496,263**	**4.8%**

GENERAL FUND EXPENDITURE ADJUSTMENTS

Expenditure Category	Adopted Budget	Proposed Adjustments	Amended Budget	% Amended
Personnel	$220,287,273	$7,353,660	$227,640,933	3.3%
CalPERS UAL	28,415,464	802,830	29,218,294	2.8%
Non-Personnel	61,463,307	5,516,363	66,979,670	9.0%
Special Projects	7,234,345	2,410,000	9,644,345	33.3%
Minor Capital	416,613	885,000	1,301,613	212.4%
Debt Service	22,716,810	-	22,716,810	0.0%
Charges To/From	(18,357,110)	(527,696)	(18,884,806)	2.9%
Cost Allocation Plan	(22,677,171)	(1,454,581)	(24,131,752)	6.4%
Fund Subsidies	11,613,650	2,040	11,615,690	0.0%
Transfers to Other Funds	-	650,000	650,000	-
Total	**$311,113,181**	**$15,637,616**	**$326,750,797**	**5.0%**

COMMUNITY & ECONOMIC DEVELOPMENT

Community & Economic Development (CEDD), $2.1M, Add 13.0 FTE

Economic Development: Add 5.0 FTE to advance the Economic Development Division and its mission to meet 2025 Envision Riverside Strategic Plan priorities, including Economic Opportunity and High Performing Government.

Planning: Add 5.0 FTE to support Citywide development services and increase the expediency, production, and predictability of both the Current and Advanced Planning teams, including case processing and special projects.

Building and Safety: Add 3.0 FTE to improve development services by increasing the expediency and predictability of building permit processing and plan check services.

CEDD STAFFING HISTORY

REVISED

The proposed staffing changes partially restores CEDD to 2007 staffing levels:

CEDD Division	FTE 2007	FTE Today	Proposed
Planning	37	25	30
Building	26	22	25
Economic Development	11	6.5	11.5

Riverside CEDD has fewer staff members compared with other cities:

CEDD Square Miles Populations	Riverside 81 314,998	Anaheim 51 346,824	Santa Ana 27 310,227	Long Beach 80 466,742
Economic Development	6.5	10	11	20
~~Building~~ Planning	25	30	28	36
~~Planning~~ Building	22	30	32	82

ARTS, CULTURE, AND RECREATION

REVISED

Expand Library Hours, $600,000, 8.0 FTE: Add ~~8.0~~ 16.0 part-time, non-benefitted FTE to allow for the expansion of library hours. All library branches will expand open days to include Sundays, and the Main Library will be open for an additional 2 hours in the evenings.

Parks Maintenance & Equipment, $1.3 million: Increase funding to maintain the City's many parks, sports park, and over 2,000 acres of undeveloped parkland.

Security at Libraries and Community Centers, $1 million: Continue security services at all library branches and expand security services to community centers.

Citywide Events, $876,000, 1.0 FTE: Event funding to encourage and expand community engagement, tourism, and economic development within the City. Citywide events support and promote local business growth which will ultimately lead to increased revenue generation in the City.

INTERNAL SERVICE DEPARTMENTS

Internal Support Services. $1.9M, 14.75 FTE

City Manager's Office, 3.0 FTE: Additional staffing will ensure that the City government is managed effectively and that initiatives are addressed quickly and efficiently.

City Attorney, 1.0 FTE: Reorganization replacing 1.0 senior level FTE with 2.0 FTE at a near-breakeven cost.

Human Resources, 4.0 FTE: Add two staff members to enhance Workforce Development programs; 1.0 FTE to help address hiring and recruitment challenges; and 1.0 FTE to the Benefits team.

INTERNAL SERVICE DEPARTMENTS

Internal Support Services. $1.9M, 14.75 FTE (continued)

General Services, 1.0 FTE: Add a project manager to assist with deferred maintenance and new major capital projects.

Finance, 3.0 FTE: Create a Compliance and Reporting Division to research, plan, implement, and maintain the many new reporting requirements issued by the Governmental Accounting Standards Board (GASB).

Innovation and Technology, 2.75 FTE: Reorganization to swap higher-level positions with lower-level positions to provide more resources to address the City's growing technology needs.

COMMITTEE RECOMMENDATION

NEW

May 10, 2023, Financial Performance & Budget Committee recommendation:

Add 0.5 FTE to existing 1.5 FTE Council Assistants per ward, for a total of 2.0 full-time Council Assistants per Ward.

Fiscal Impact: $272,272

City Council Staffing Survey results from March 7, 2023 City Council Staffing Review report displayed at left.

Market Basket City	Mayor / Vice-Mayor	Number of Councilmembers	Population	FTE
Anaheim	1	6	341,245	2
Burbank	2	3	104,966	3
Corona	2	3	156,778	0
Costa Mesa	1	6	112,780	3.5
Escondido	1	4	150,679	0
Fullerton	2	3	139,431	0
Glendale	1	4	193,116	2
Huntington Beach	2	5	198,039	1
Long Beach	1	9	462,081	50.71
Murrieta	1	4	117,683	0
Oceanside	2	3	173,048	5
Ontario	1	4	179,516	0
Pasadena	1	7	138,310	10
Riverside	1	7	317,847	7

MEASURE Z SPENDING PLAN

	Projected	Proposed				
(in millions)	2023	2024	2025	2026	2027	2028
Revenue	$ 84.43	$ 84.46	$ 86.69	$ 88.41	$ 90.18	$ 91.97
Expenditures *(Includes items under discussion)*	(96.51)	(96.25)	(92.54)	(96.82)	(99.15)	(95.22)
Net Change in Fund Balance	**$(12.08)**	**$ (11.79)**	**$ (5.85)**	**$ (8.41)**	**$ (8.97)**	**$ (3.25)**
Beginning Unallocated Fund Reserves	$ 58.96	$ 46.88	$ 35.09	$ 29.24	$ 20.83	$ 11.86
Net Change in Fund Balance	(12.08)	(11.79)	(5.85)	(8.41)	(8.97)	(3.25)
Ending Unallocated Fund Reserves	**$ 46.88**	**$ 35.09**	**$ 29.24**	**$ 20.83**	**$ 11.86**	**$ 8.61**

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MEASURE Z SPENDING PLAN PROPOSALS

	Proposed				
(in millions)	2024	2025	2026	2027	2028
#24 – Eastside Library	$ 2.00	$ -	$ -	$ -	$ -
#33 – Technology Improvements	0.50	0.50	0.50	0.50	0.50
#39 – Public Safety & Engagement Team Program (PSET) – Urban	0.35	0.35	0.35	0.35	0.35
Fire Analog Simulcast Communication System	1.57	-	-	-	-
Total	**$ 4.42**	**$ 0.85**	**$ 0.85**	**$ 0.85**	**$ 0.85**

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SEWER FUND ADJUSTMENTS

- Biosolids Hauling and Disposal Budget: $2.02 million increase to accommodate a projected increase in volume.
- Chemical Budget: $1.42 million increase to accommodate substantial cost increases that the supply & logistics sector has experienced the past two years.
- Add 1.0 FTE Senior Engineer: The additional FTE is needed to assist with planned capital projects per capital improvement plan set for in the 2019 Wastewater Master Plan.

PROPOSED BUDGET ADJUSTMENTS

Expenditure Category	Adopted Budget	Proposed Adjustments	Amended Budget	% Amended
101 - General Fund	$ 311,113,181	$ 15,637,616	$ 326,750,797	5.0%
110 - Measure Z Operating Fund	86,969,369	9,826,135	96,795,504	11.3%
215 - Grants and Restricted Programs	1,847,105	(162,492)	1,684,613	-8.8%
260 - NPDES Storm Drain	1,375,764	103,495	1,479,259	7.5%
280 - Housing Authority	1,830,032	(196,078)	1,633,954	-10.7%
292 - Riverwalk LMD	583,412	252,040	835,452	43.2%
390 - General Debt Service Fund	41,939,644	2,291,483	44,231,127	5.5%
401 - Capital Outlay	-	650,000	650,000	100.0%
420 - Measure Z Capital Fund	12,975,000	24,412,898	37,387,898	188.2%
510 - Sewer	69,147,573	4,498,298	73,645,871	6.5%
570 - Public Parking	8,128,602	419,056	8,547,658	5.2%
763 - CFD 2015 - 2 Pomelo	-	333,470	333,470	100.0%
Other City Funds	782,227,093	7,016,567	789,243,660	0.9%
Total	**$ 1,318,136,775**	**$ 65,082,488**	**$ 1,383,219,263**	**4.9%**

FY 2022/23 BUDGET ADJUSTMENTS

REVISED

- Fairmount Park Golf Course – $175,000 for a new and secure cart barn and 35 additional golf carts.
- ~~Historic Preservation Trust Fund – transfer balance of $127,779 to the Old Riverside Foundation, a 501(c)3 non-profit civic organization.~~

STRATEGIC PLAN ALIGNMENT

STRATEGIC PRIORITY 5 - HIGH PERFORMING GOVERNMENT

CROSS-CUTTING THREADS

- Community Trust
- Equity
- Innovation
- Fiscal Responsibility
- Sustainability and Resiliency

RECOMMENDATIONS

REVISED

That the City Council:

1. Receive and provide input on the proposed amendment of Fiscal Year 2023/24 of the previously adopted Fiscal Year 2022-2024 Biennial Budget;

2. Set a public hearing for adoption of the Amended Fiscal Year 2023/24 Budget on June 27, 2023; and

3. With at least five affirmative votes, authorize the Chief Financial Officer, or designee, to record a Fiscal Year 2022/23 supplemental appropriation in the General Fund, Parks, Recreation and Community Services Department in the amount of $175,000.

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RECOMMENDATIONS

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~~3. By at least five affirmative votes, authorize a FY 2022/23 transfer of $127,779.36 from the Interest-Bearing Special Deposits Fund – Historic Preservation Fund to the Old Riverside Foundation 501(c)3 non-profit civic organization to administer the funds; and~~

~~4. Authorize the City Manager to execute an Agreement with the Old Riverside Foundation 501(c)3 non-profit civic organization to administer the transferred Historic Preservation Fund funds on behalf of the City.~~

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