

# Proposed Amendment of the FY 2023/24 Budget

Finance Department

Financial Performance and Budget Committee  
May 10, 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        |
| <b>Surplus/(Deficit)</b>                            | <b>\$7,115,966</b> | <b>\$(370,500)</b>   | <b>\$6,745,466</b> |
| Contribution to Infrastructure & Technology Reserve |                    |                      | 5,000,000          |
| <b>Remaining Balance</b>                            |                    |                      | <b>\$1,745,466</b> |



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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%        |
| <b>Total</b>                            | <b>\$318,229,147</b> | <b>\$15,267,116</b>  | <b>\$333,496,263</b> | <b>4.8%</b> |



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## 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              | -           |
| <b>Total</b>             | <b>\$311,113,181</b> | <b>\$15,637,616</b>  | <b>\$326,750,797</b> | <b>5.0%</b> |



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# 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.



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## CEDD STAFFING HISTORY

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



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## ARTS, CULTURE, AND RECREATION



**Expand Library Hours, \$600,000, 8.0 FTE:** Add 8.0 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.



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## 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.



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## 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.



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## OTHER CRITICAL NEEDS



**Fire, \$665,000:** The Fire Department does not currently have a budget that provides for the replacement of firefighter gear and equipment as they near the end of useful life. This request will fund a rotational replacement program of critical equipment and firefighter gear and address ongoing maintenance needs.



### Public Works, \$500,000, 4.0 FTE:

- **Landscape:** Add 1.0 FTE Landscape Inspector and contract funds to increase landscape maintenance frequency.
- **Storm Drain:** Add 2.0 FTE to meet regulatory requirements, inspect and clean 80% of the storm drain system annually, and install a new storm drain system.
- **Traffic Engineering:** Add 1.0 FTE to respond to signal timing requests and make corridor-wide improvements.



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## 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)          |
| <b>Net Change in Fund Balance</b>              | <b>\$(12.08)</b> | <b>\$ (11.79)</b> | <b>\$ (5.85)</b> | <b>\$ (8.41)</b> | <b>\$ (8.97)</b> | <b>\$ (3.25)</b> |
| 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)           |
| <b>Ending Unallocated Fund Reserves</b>        | <b>\$ 46.88</b>  | <b>\$ 35.09</b>   | <b>\$ 29.24</b>  | <b>\$ 20.83</b>  | <b>\$ 11.86</b>  | <b>\$ 8.61</b>   |







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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           | -              | -              | -              | -              |
| <b>Total</b>   | <b>\$ 4.42</b> | <b>\$ 0.85</b> | <b>\$ 0.85</b> | <b>\$ 0.85</b> | <b>\$ 0.85</b> |






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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.



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## 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%        |
| <b>Total</b>                         | <b>\$ 1,318,136,775</b> | <b>\$ 65,082,488</b> | <b>\$ 1,383,219,263</b> | <b>4.9%</b> |



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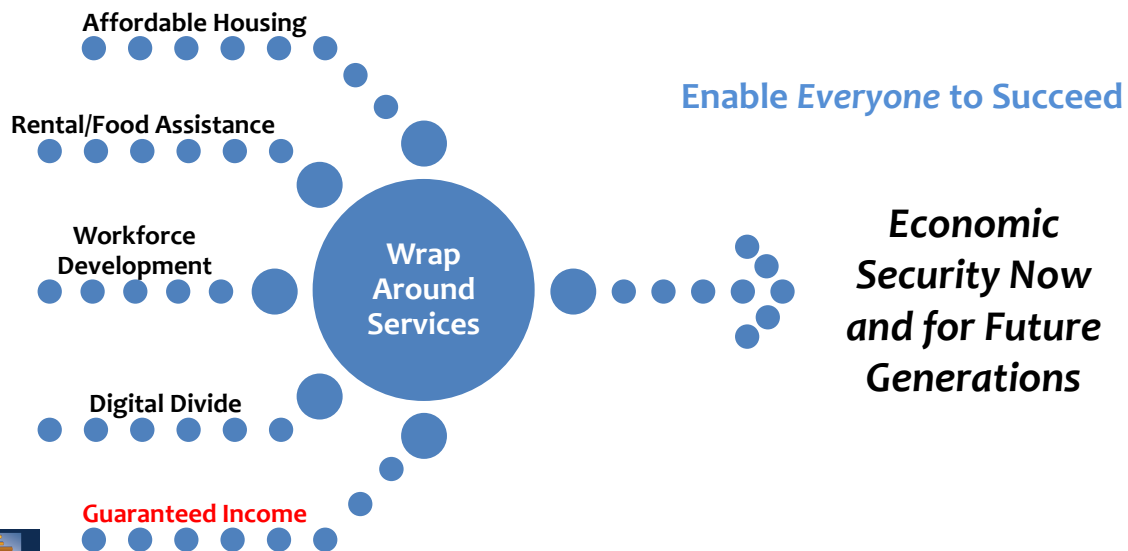


## MATCHING FUNDS TO INLAND SOUTHERN CALIFORNIA UNITED WAY FOR GUARANTEED INCOME PILOT PROGRAM

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## BREAKING THE CYCLE OF POVERTY



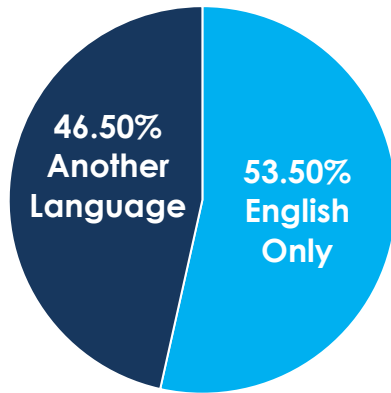
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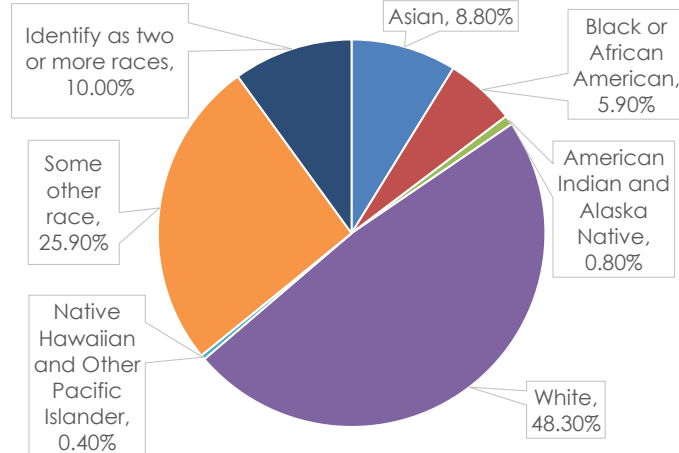
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## CITY OF RIVERSIDE DEMOGRAPHICS

Languages at Home



Race



Data from American Community Survey (5-year estimates)

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## STOCKTON DEMONSTRATION

“SEED” launched early 2019

- Families received \$500/month for 24 months
- Spent money on essentials
- Recipients found full-time employment
- Recipients were healthier, showing less anxiety and depression, and enhanced well-being



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## CA DEPT OF SOCIAL SERVICES GRANT

- Guaranteed Income (GI) Pilot Program grant opportunity announced July 2022
  - Provides unconditional, individual, regular cash payments intended to support basic needs of recipients
- Inland Southern California United Way (ISCUW) received \$5 million grant award
  - 1 of 7 pilot programs statewide
  - Grant requires 1:1 matching funds



Guaranteed Income Pilots

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## INLAND SOUTHERN CALIFORNIA UNITED WAY

- Established in 1931
- Originally United Way of the Inland Valleys
- Serves over 1 million low-income people each year
- Already successful in implementing financial assistance models



Inland SoCal United Way

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## WHO WILL GI PILOT PROGRAM HELP?

1. 500 people in first or second trimester of pregnancy



2. 150 youth aging out of extended foster care program (turning 21 years of age)



29,000+ eligible pregnant individuals & 1,600+ eligible transitional age youth (TAY) in Riverside County



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## WHAT ARE THE GOALS?

1. Decrease burden of new costs during first year of life



2. Increase opportunities for transitional age youth (TAY) without support systems



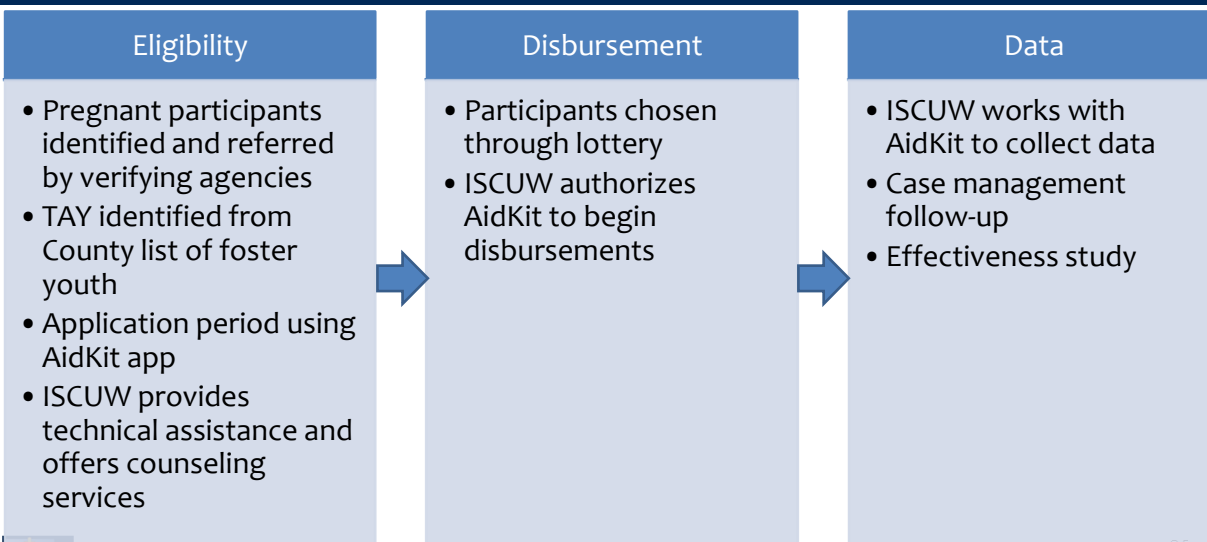
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## HOW WILL IT WORK?



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## HOW MUCH ARE THE PAYMENTS?

18 monthly payments of \$600

- Total \$10,800 per participant
- Begin May 2024



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## WHO IS ALREADY PARTNERING?



Inland SoCal United Way



CLAREMONT  
McKENNA  
—COLLEGE—



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## HOW MUCH COULD THIS COST THE CITY?

- ISCUW was awarded \$5 million grant and is required to provide \$5 million in matching funds
  - First 5 Riverside County - committed \$2.5 million
  - Cohort of private donors – committed \$300,000
- City can contribute \$1 million matching funding to partner with ISCUW
  - Matching funding is available from interest accrued on American Rescue Plan Act (ARPA) funds



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## FY 2022/23 BUDGET ADJUSTMENTS

- Guaranteed Income Pilot program – add program to ARPA Expenditure Plan and allocate \$1,000,000 from interest earned for grant match purposes.
- 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.



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## STRATEGIC PLAN ALIGNMENT



### STRATEGIC PRIORITY 5 - HIGH PERFORMING GOVERNMENT

#### CROSS-CUTTING THREADS



Community Trust



Equity



Innovation

Fiscal  
ResponsibilitySustainability  
and Resiliency

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## RECOMMENDATIONS

That the Financial Performance and Budget Committee:

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

Recommend that the City Council

2. By at least five affirmative votes, authorize the Chief Financial Officer, or designee, to record a supplemental appropriation from American Rescue Plan Act interest earnings to a Guaranteed Income Pilot program for grant match purposes in the amount of \$1,000,000;



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## RECOMMENDATIONS

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;
4. By at least five affirmative votes, authorize the Chief Financial Officer, or designee, to record a supplemental appropriation for FY 2022/23 from general fund available fund balance for a proposed new golf cart barn and 35 additional golf carts for Fairmount Park Golf Course in the amount of \$175,000; and
5. 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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