

Proposed FY 2022/23 Mid-cycle Budget Adjustments

Description	Increase/ (Decrease)
101 - General Fund	
Revenues & Transfers In	
Property Taxes	
Property tax revenue reflects activity occurring 18-24 months prior to the current period, as property sales and transfers activity make their way onto the County's tax assessment rolls. In the summer of 2021, Riverside saw median price increases, likely due to low interest rates, high demand, and limited properties for sale.	\$ 1,500,000
Sales Tax	
FY 2021/22 sales tax revenue continued to experience exceptional results, posting a growth rate of 16.0% over the prior year. Based on fiscal year performance to date, the higher sales tax base is expected to stabilize, providing a new baseline for revised FY 2022/23 projections. The City's sales tax consultant, HdL, projects sales tax revenue will come within 2.3% of prior year actuals, which is 13.1% more than the amount budgeted.	10,930,000
Utility Users Tax	
An increase in natural gas prices has resulted in 30% higher utility users tax collected to date for natural gas, as compared to the same period last year.	300,000
Transient Occupancy Tax	
Collections in FY 2021/22 were 50.9% higher than those for FY 2020/21. Second-quarter results are tracking about 5% behind last year's pace, and 18.4% higher than original projections.	1,310,000
Licenses & Non-Developer Permits	
Business License revenue is trending 5% higher than the prior year, attributable to positive business growth and the ongoing amnesty program to bring businesses in compliance with business license regulations.	500,000
General Fund Transfer	
The adjustment is based on FY 2021/22 actual revenue receipts.	(310,000)
Total Revenues & Transfers In	\$ 14,230,000

Expenditures & Transfers Out

Non-personnel Expenses

Water costs are trending 18% higher than the previous fiscal year with 75% of the budget expended to date.	
Public Works Department	\$ 85,000
Parks, Recreation and Community Services Department	640,000
The increase in natural gas prices are resulting higher costs than anticipated.	
Parks, Recreation and Community Services Department	120,000
The cost of contracted refuse services is higher than projected.	
Police Department	20,000
Parks, Recreation and Community Services Department	90,000
The cost of fuel for City vehicles is higher than projected.	
Police Department	470,000
Fire Department	170,000
Fire Department: In 2016, the Fire Department received grant funding to purchase 25 LifePak 15 portable monitor defibrillators, which included a 5-year maintenance and service agreement. The agreement expired January 3, 2023. The cost renew the maintenance agreement is \$60,000.	60,000

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Parks, Recreation and Community Services Department: The department has experienced costs outside of its control, including vandalism, theft, and other emergencies. To date, these events have resulted in increased costs of \$338,599. Staff recommends a total budget increase of \$700,000 to address past and future events as they arise.	700,000
On January 5, 2021, City Council approved a \$25,000 supplemental appropriation to the Northside Heritage Meadows Project and on December 14, 2021, City Council approved the carryover of an additional \$104,868.94 to the Northside Heritage Meadows Project for its construction located at 895 and 900 Clark. The unexpended appropriations were not carried over from FY 2021/22 to FY 2022/23 and therefore need to be reappropriated in FY 2022/23 in the total amount of \$129,868.94.	129,869
Supplemental request to cover unexpectedly high costs of publication associated with paper and printing of the Explore Riverside magazine. The Explore Riverside magazine includes the Park and Recreation Activity Guide and is a key City newsletter published three times per year.	25,000
Supplemental request to cover Common Area Maintenance (CAM) expenses associated with The Office of the City Attorney's lease at 3750 University Avenue, Suite 200, prorated to cover eight of twelve months. The CAM is an annual expense that will increase 3% each fiscal year effective July 1.	20,148
Fire Department: Internal process issues resulted in unpaid invoices from prior fiscal years being paid from current year budget, and resulting in insufficient funds for current year expenditures.	99,500
Fire Department: Numerous broken appliances at the City's fire stations need replacement, but insufficient funds exist in the budget: (2) dishwashers; (2) ice machines; (1) electric range; (2) Sub-Zero Refrigerators	51,500
Subtotal Non-personnel Expenses	\$ 2,681,017
Special Programs	
Animal Control: Costs related to the animal services contract with the County of Riverside (Object 450319) are projected to be \$738,025 over budget due to continued cost increases by the County Board of Supervisors. This deficit is at the bare minimum of service levels and does not include any unforeseen events, after hours calls, etc. Staff is working on a one-year extension to the contract and will be requesting an additional appropriation when the item goes before the City Council. Costs associated with the one-year extension are still being discussed between City and County leadership.	\$ 800,000
Charges to Others	
A supplemental appropriation of \$210,214 in the Community Facility and Assessment District Funds is recommended to reimburse the General Fund for administration costs associated with managing each district's debt.	
CFD 92-1 Sycamore	(15,938)
CFD 2006-1 Riverwalk IA1	(69,729)
CFD 2006-1 Riverwalk IA2	(11,980)
CFD 2014-2 Highlands	(13,493)
CFD 2015-1 Orangecrest	(37,494)
Hunter Park AD	(40,682)
Riverwalk Business Center Assessment District	(5,975)
Riverwalk Assessment District	(14,923)
Subtotal Charges to Others	\$ (210,214)
Capital Projects	
Public Works Department: Allocate \$10 million of the projected General Fund net gain toward Street Projects.	\$ 10,000,000
Public Works Department: Allocate \$1.7 million of the projected General Fund net gain toward median improvement projects.	1,700,000

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Description	Increase/ (Decrease)
Innovation and Technology Department: Allocate \$300,000 of the projected General Fund net gain toward a new transfer switch at City Hall.	300,000
Police Department and Fire Department: Allocate \$550,000 of the projected General Fund net gain toward the repair of Magnolia Police Station generator (\$50,000) and the replacement of five Fire Station location generators (\$500,000).	550,000
Museum Department: Allocate \$200,000 of the projected General Fund net gain toward Heritage House improvements. Vandalism at the Heritage House has caused severe damage to both HVAC units. The fencing needs to be replaced and extended. Both HVAC units will require a full replacement. To help mitigate future occurrences of vandalism, a wireless detection unit providing real-time awareness of perimeter breaches will be installed along the perimeter fence and security cameras will be installed in strategic locations to monitor the area.	200,000
Subtotal Capital Projects	\$ 12,750,000
Infrastructure Reserve	
Refuse Fund - The solid waste program is experiencing significant vehicle maintenance issues that are impacting the timeliness and quality of service to City residents. The Refuse Fund user rates are insufficient to cover ongoing operating costs and capital needs; without a rate increase, fund reserves are expected to be fully depleted within two years. Therefore, staff recommends utilizing General Fund infrastructure reserves to provide funding for vehicle replacement.	5,000,000
Public Parking Fund - \$2 million interfund loan. Parking Garages 1 & 2, previously categorized as surplus properties, will be operated for several more years. They require an estimated \$1.2 million of urgent and significant maintenance as described in structural engineering reports from 2016 and 2022. Additionally, the Parking Access Revenue Control Systems (PARCS) and LED lighting will be installed. The Parking Fund has insufficient reserves and user rate revenue to support these capital investments. The amount is expected to be repaid to the General Fund from future Parking Fund revenues.	2,000,000
Subtotal Infrastructure Reserve	\$ 7,000,000
Total Expenditures & Transfers Out	\$ 23,020,803
Net Impact to General Fund	\$ (8,790,803)
110 - Measure Z Fund	
Revenues & Transfers In	
Taxes	
Increase in Transaction and Use Tax projections based on updated revenue trends.	\$ 7,631,000
Total Revenues & Transfers In	\$ 7,631,000
Expenditures & Transfers Out	
Non-Personnel	
Police Department: One-Time allocation for the replacement of up to five Police Service Dogs.	\$ 140,000
Total Expenditures & Transfers Out	\$ 140,000
Net Impact to Measure Z Fund	\$ 7,491,000

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Description	Increase/ (Decrease)
215 - Grants and Restricted Programs	
Revenues & Transfers In	
Total Revenues & Transfers In	\$ -
Expenditures & Transfers Out	
Non-personnel Expenses	
On August 3, 2021, City Council approved a lease agreement with the County of Riverside to facilitate building renovations of a city-owned property located at 2800 Hulen Place and authorized a corresponding supplemental appropriation in the Grants and Restricted Programs Fund. The appropriation was not carried over from FY 2021/22 to FY 2022/23 and therefore needs to be reappropriated in FY 2022/23 in the amount of \$2,338,176.	\$ 2,338,176
Total Expenditures & Transfers Out	\$ 2,338,176
Net Impact to Grants and Restricted Programs	\$ (2,338,176)
401 - General Capital Fund	
Revenues & Transfers In	
Operating Transfers In	
Transfer from General Fund, for Public Works Street Projects	\$ 10,000,000
Transfer from General Fund, for Public Works Median Projects	1,785,000
Transfer from General Fund, for Innovation and Technology's Transfer Switch Project	300,000
Transfer from General Fund, for Police and Fire Departments' Generator Projects	550,000
Transfer from General Fund, for Museum's Heritage House Project	200,000
Total Revenues & Transfers In	\$ 12,835,000
Expenditures & Transfers Out	
Capital Outlay	
Public Works Street Projects	\$ 10,000,000
Public Works Median Projects	1,785,000
Innovation and Technology Transfer Switch Project	300,000
Police and Fire Departments' Generator Projects	550,000
Museum Heritage House Project	200,000
Total Expenditures & Transfers Out	\$ 12,835,000
Net Impact to General Capital Fund	\$ -

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Description	Increase/ (Decrease)
520 - Water	
Revenues & Transfers In	
Total Revenues & Transfers In	\$ -
Expenditures & Transfers Out	
Personnel	
The compounded fiscal impact of the Memorandums of Understanding (MOUs) for IBEW and IBEW Supervisory adopted on July 5, 2022, is approximately \$3.6 million. The recommended action presented in the staff report inadvertently combined the needed supplemental appropriation for the Water Fund with that presented for the Electric Fund. Therefore, staff recommends Council formally approve a supplemental appropriation from the Water Fund's cash reserves in the amount of \$1,448,425.	\$ 1,448,425
Total Expenditures & Transfers Out	\$ 1,448,425
Net Impact to Water	\$ (1,448,425)
540 - Refuse	
Revenues & Transfers In	
Transfers In	
Refuse Fund - Public Works Department: The solid waste program is experiencing significant vehicle maintenance issues that are impacting the timeliness and quality of service to City residents. The Refuse Fund user rates are insufficient to cover ongoing operating costs and capital needs; without a rate increase, fund reserves are expected to be fully depleted within two years. Therefore, staff recommends utilizing General Fund infrastructure reserves to provide funding for vehicle replacement.	\$ 5,000,000
Total Revenues & Transfers In	\$ 5,000,000
Expenditures & Transfers Out	
Equipment Outlay	
Refuse Fund - Public Works Department: The solid waste program is experiencing significant vehicle maintenance issues that are impacting the timeliness and quality of service to City residents. The Refuse Fund user rates are insufficient to cover ongoing operating costs and capital needs; without a rate increase, fund reserves are expected to be fully depleted within two years. Therefore, staff recommends utilizing General Fund infrastructure reserves to provide funding for vehicle replacement.	\$ 5,000,000
Total Expenditures & Transfers Out	\$ 5,000,000
Net Impact to Refuse	\$ -

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Description	Increase/ (Decrease)
570 - Public Parking	
Revenues & Transfers In	
Operating Revenue	
Adjust revenue projections to reflect City Council's July 19, 2022 roll-back of rate increases.	
Monthly Rentals Parking Lots	\$ (39,852)
Garage 1 - 3743 Orange	(333,356)
Garage 2 - 3851 Orange	(222,026)
Garage 3 - 3750 Market	(564,994)
Garage 4 - 3750 University	(56,160)
Terrace 6 - 3901 Orange	(92,665)
Garage 7 - Fox Ent Plaza	(614,861)
Metered Parking Zone	(628,200)
Parking Fines	(336,016)
Parking Fines-Street Sweeping	297,147
Interfund Transfer	
Capital Outlay - \$2 million interfund loan from the General Fund: Parking Garages 1 & 2, previously categorized as surplus properties, will be operated for several more years. They require an estimated \$1.2 million of urgent and significant maintenance as described in structural engineering reports from 2016 and 2022. Additionally, the Parking Access Revenue Control Systems (PARCS) and LED lighting will be installed. The Parking Fund has insufficient reserves and user rate revenue to support these capital investments; the amount is expected to be repaid to the General Fund from future Parking Fund revenues.	\$ 2,000,000
Total Revenues & Transfers In	\$ (590,983)
Expenditures & Transfers Out	
Capital Outlay	
Garage 1 & 2 Deferred Maintenance (Interfund loan from General Fund)	\$ 2,000,000
Delay Garage 3 Deferred Maintenance due to rescinded rate increase	(300,000)
Delay LED Lighting Upgrades in the Garages due to rescinded rate increase	(190,000)
Total Expenditures & Transfers Out	\$ 1,510,000
Net Impact to Public Parking	\$ (2,100,983)
742 - Hunter Business Park Assmt Dist	
Revenues & Transfers In	
Total Revenues & Transfers In	\$ -
Expenditures & Transfers Out	
Charges to/from Others	
Reimburse the General Fund for administration costs associated with managing the district's debt.	\$ 40,682
Total Expenditures & Transfers Out	\$ 40,682
Net Impact to Hunter Business Park Assmt Dist	\$ (40,682)
745 - Riverwalk Assessment District	

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Description	Increase/ (Decrease)
Revenues & Transfers In	
Total Revenues & Transfers In	\$ -
Expenditures & Transfers Out	
Charges to/from Others	
Reimburse the General Fund for administration costs associated with managing the district's debt.	\$ 14,923
Total Expenditures & Transfers Out	\$ 14,923
Net Impact to Riverwalk Assessment District	\$ (14,923)

746 - Riverwalk Bus. Assmt. Dist.	
Revenues & Transfers In	
Total Revenues & Transfers In	\$ -
Expenditures & Transfers Out	
Charges to/from Others	
Reimburse the General Fund for administration costs associated with managing the district's debt.	\$ 5,975
Total Expenditures & Transfers Out	\$ 5,975
Net Impact to Riverwalk Bus. Assmt. Dist.	\$ (5,975)

756 - CFD-Riverwalk Vista	
Revenues & Transfers In	
Total Revenues & Transfers In	\$ -
Expenditures & Transfers Out	
Charges to/from Others	
Reimburse the General Fund for administration costs associated with managing the district's debt.	\$ 69,729
Total Expenditures & Transfers Out	\$ 69,729
Net Impact to CFD-Riverwalk Vista	\$ (69,729)

758 - CFD Syc. Canyon 92-1	
Revenues & Transfers In	
Total Revenues & Transfers In	\$ -
Expenditures & Transfers Out	
Charges to/from Others	
Reimburse the General Fund for administration costs associated with managing the district's debt.	\$ 15,938
Total Expenditures & Transfers Out	\$ 15,938
Net Impact to CFD Syc. Canyon 92-1	\$ (15,938)

759 - CFD 2006-1-RW Vista Area #2	
Revenues & Transfers In	

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Total Revenues & Transfers In	\$ -
Expenditures & Transfers Out	
Charges to/from Others	
Reimburse the General Fund for administration costs associated with managing the district's debt.	\$ 11,980
Total Expenditures & Transfers Out	\$ 11,980
Net Impact to CFD 2006-1-RW Vista Area #2	\$ (11,980)

760 - CFD 2014-2 Highlands	
Revenues & Transfers In	
Total Revenues & Transfers In	\$ -
Expenditures & Transfers Out	
Charges to/from Others	
Reimburse the General Fund for administration costs associated with managing the district's debt.	\$ 13,493
Total Expenditures & Transfers Out	\$ 13,493
Net Impact to CFD 2014-2 Highlands	\$ (13,493)

762 - CFD 2015-1 Orangecrest Grove	
Revenues & Transfers In	
Total Revenues & Transfers In	\$ -
Expenditures & Transfers Out	
Charges from Others	
Reimburse the General Fund for administration costs associated with managing the district's debt.	\$ 37,494
Total Expenditures & Transfers Out	\$ 37,494
Net Impact to CFD 2015-1 Orangecrest Grove	\$ (37,494)

CITYWIDE BUDGET ADJUSTMENTS	
Revenues & Transfers In (sum of Fund tables above)	\$ 39,105,017
Expenditures & Transfers Out (sum of Fund tables above)	46,502,618
Surplus / (Deficit)	\$ (7,397,601)