



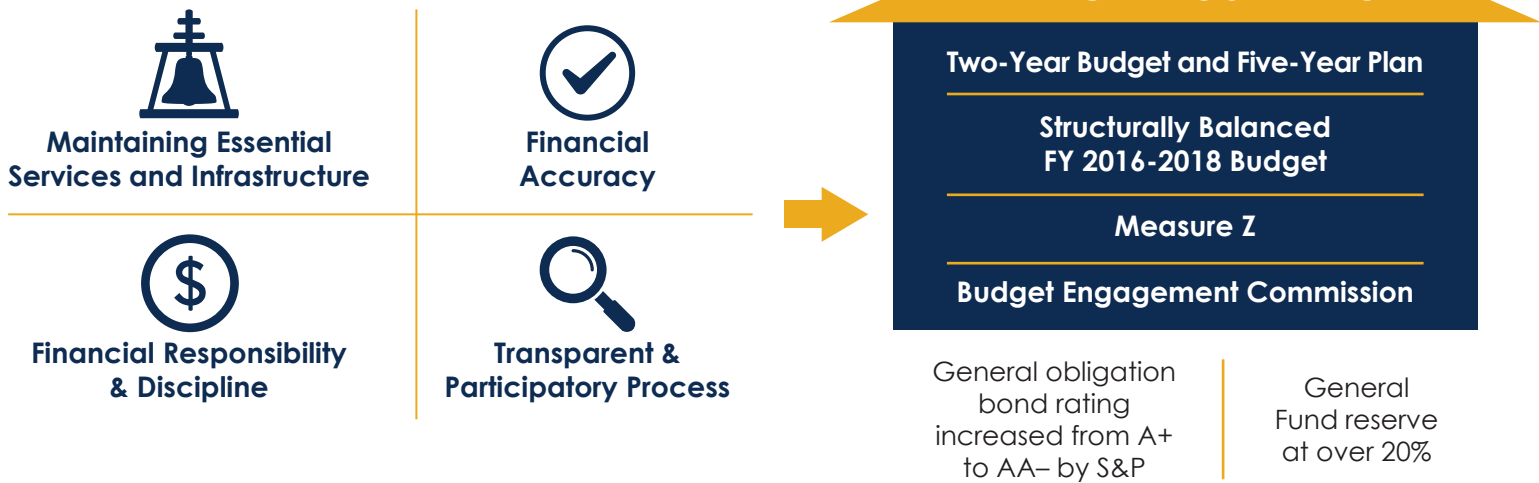
INTRODUCTION TO BASELINE BUDGET

FY 2018-2020 TWO-YEAR BUDGET AND FY 2018-2023 FIVE-YEAR PLAN

PROMISES MADE, PROMISES KEPT

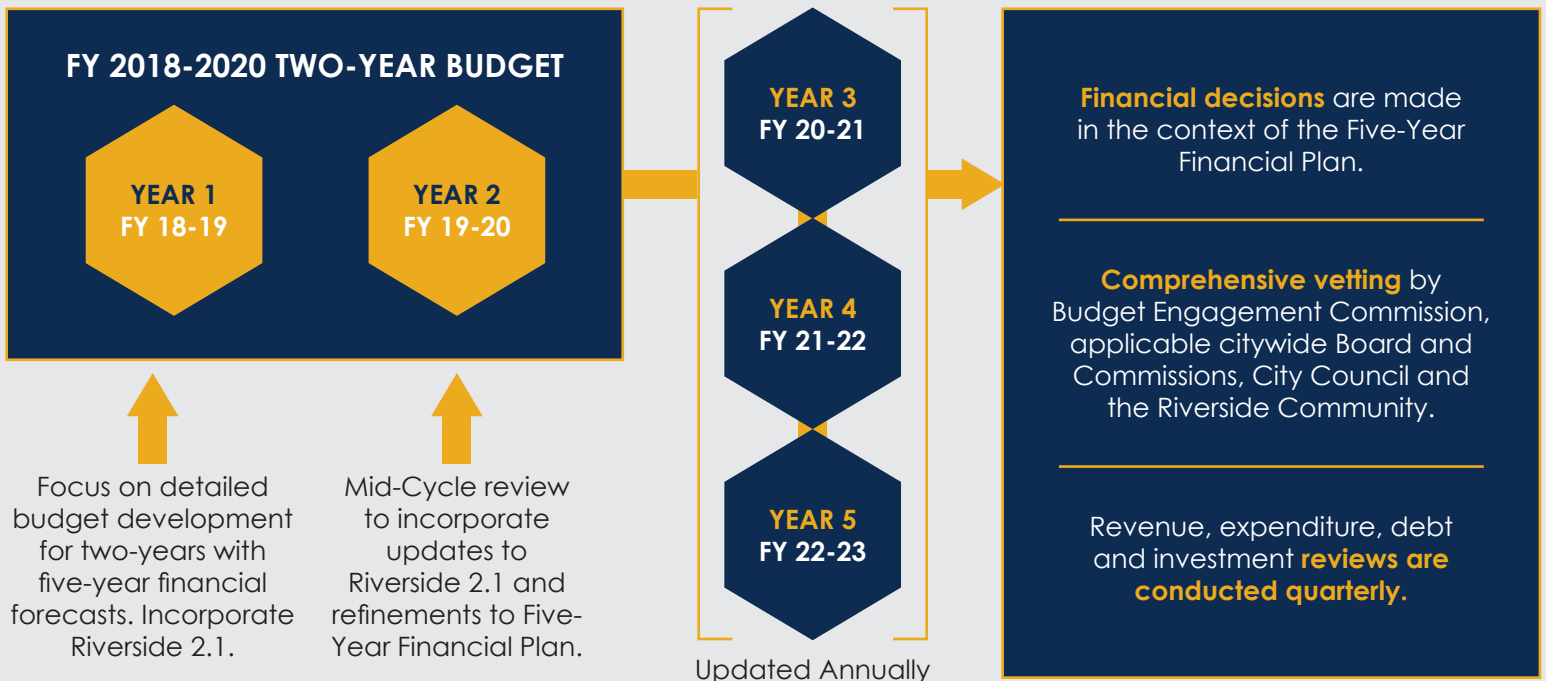
When the City embarked on the FY 2016-2018 Biennial Budget, we outlined key themes for the next five years and made financial and operational promises to the Riverside community. Staff is committed to building on the financial successes of FY 2016-2018 by preserving services and improving efficiencies to ensure the City's continued financial success and achievement of its Riverside 2.1 strategic initiatives.

KEY BUDGET THEMES



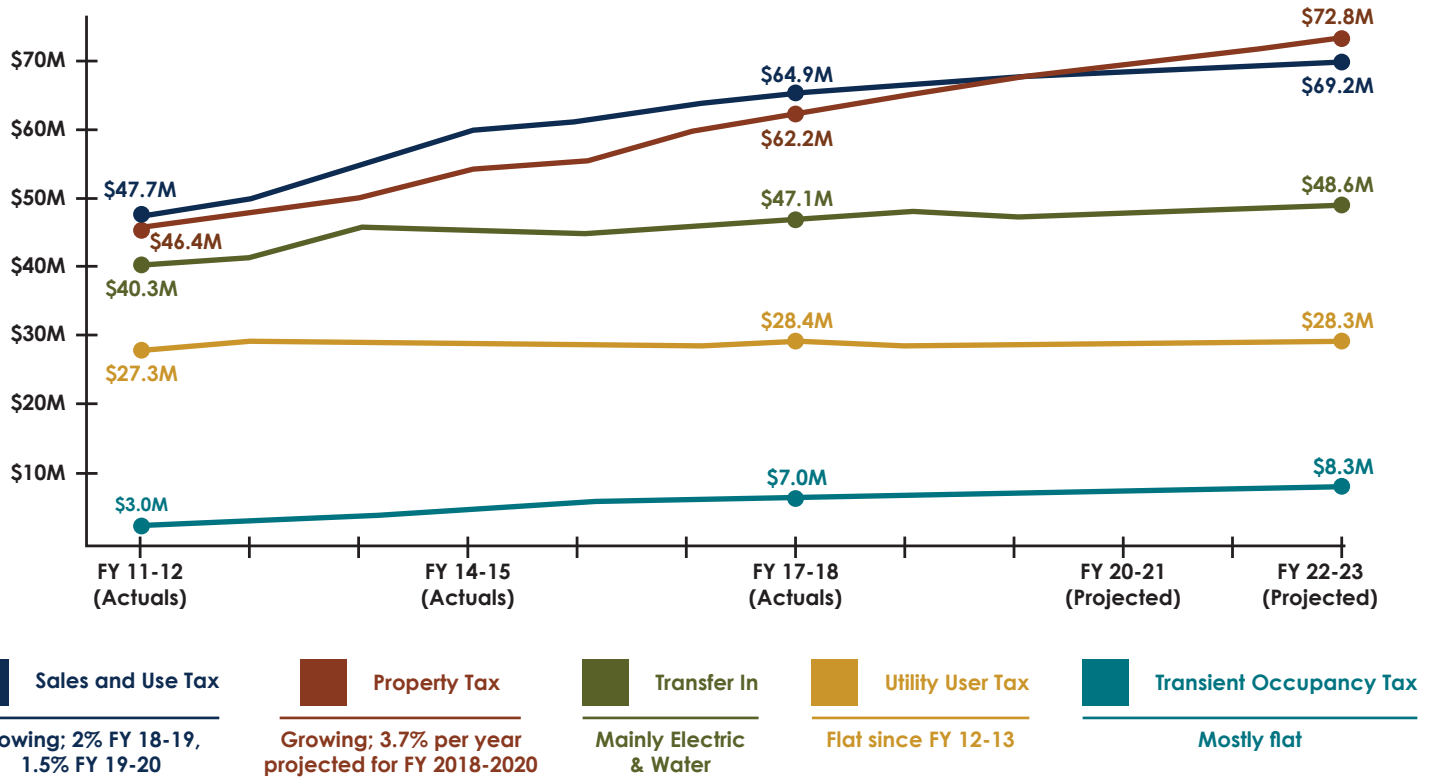
FY 2018-2023 FIVE-YEAR FINANCIAL PLAN

with key challenges and solutions identified and linked to Riverside 2.1 Strategic Plan and Five-Year Capital Improvement Plan



GROWTH TREND OF PRIMARY REVENUE SOURCES

The City anticipates that the General Fund annualized revenue growth rate for the primary revenue sources will continue to slow down in FY 18-19 and FY 19-20 following similar trends set in previous fiscal years.



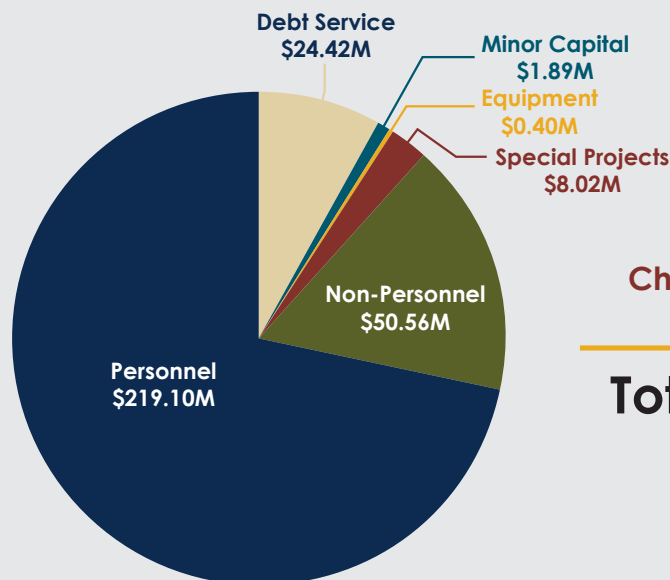
BASELINE ASSUMPTIONS FY 18-19 GENERAL FUND EXPENDITURES

Personnel

- Represents more than 80% of General Fund Budget
- CalPERS is the largest cost driver

Non-Personnel

- Decreased significantly due to cost-saving efforts and sound fiscal management



Charges and Transfers
-\$32.29M

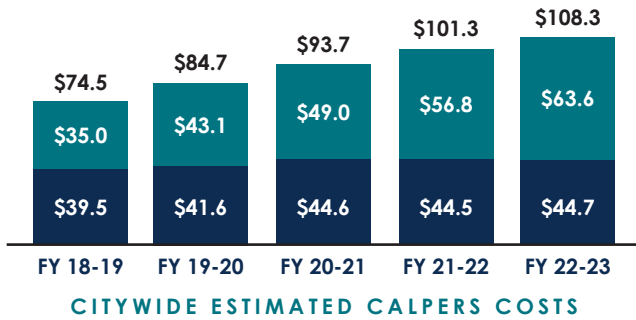
Total: \$272.09M

PERSONNEL COSTS - CalPERS

The City's CalPERS costs are comprised of two factors – Normal Cost and Unfunded Accrued Liability (UAL). Normal Cost is an estimated percentage of salary based on the employee pool (age, salary, investment returns, etc.). Unfunded Accrued Liability (UAL) is based on calculations provided by CalPERS that considers the difference between the City's retirement plan assets and the amount needed to pay a pension to employees in the future.

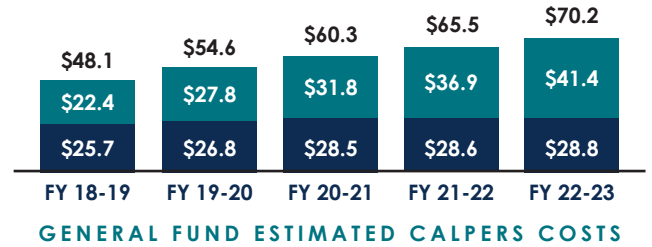
CITYWIDE CalPERS COST OVERVIEW

Over the next five years, retirement expenditures are expected to increase by 45.5% from \$74.5 million to \$108.3 million in all major funds (General, Electric, Water and Sewer).



GENERAL FUND CalPERS COST OVERVIEW

General Fund CalPERS costs are expected to increase more than \$22 million or 46%.



■ Normal Cost ■ Unfunded Accrued Liability (UAL)

GENERAL FUND RESERVES

WHAT ARE RESERVES FOR?

Funding that has not been restricted or designated is available to pay bills and provide a cushion in the event of an emergency. **This unrestricted, undesignated funding is typically referred to as "reserves."**

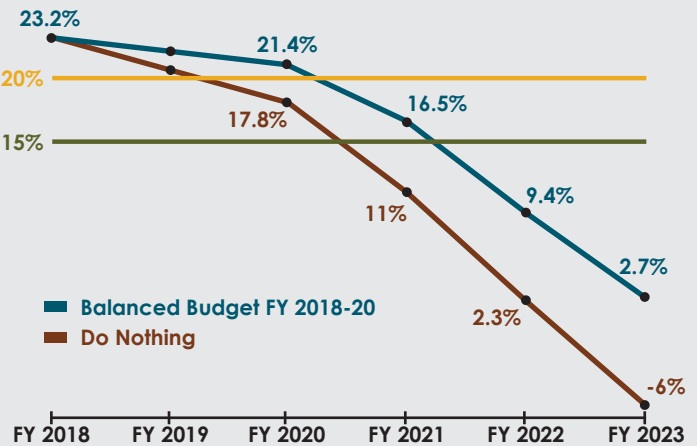
September 6, 2016 adoption of General Fund Reserve Policy

- 15% minimum reserve level
- 20% targeted reserve level

If we do nothing:

- FY 18-19 & FY 19-20 will maintain reserve levels at the minimum (15%)
- **Without permanent and ongoing balancing measures, General Fund Reserves will be fully depleted in FY 22-23**

GENERAL FUND RESERVE PROJECTIONS



FY 18-20 BALANCING MEASURES

Focus on:

- Revenue enhancements
- Non-personnel measures (contracts, subsidies, other discretionary)

Align Budget Priorities with City Council Strategic Priorities

- Public safety
- Infrastructure
- Customer service

Minimize Service Impacts

KEY BALANCING MEASURES

Revenue Enhancements

- Refunding of old redevelopment debt
- Fire aid agreement
- Sale of City-owned IP addresses

Expenditure Reductions

- Renegotiate/consolidate vendor agreements
- Consolidate duties to reduce positions

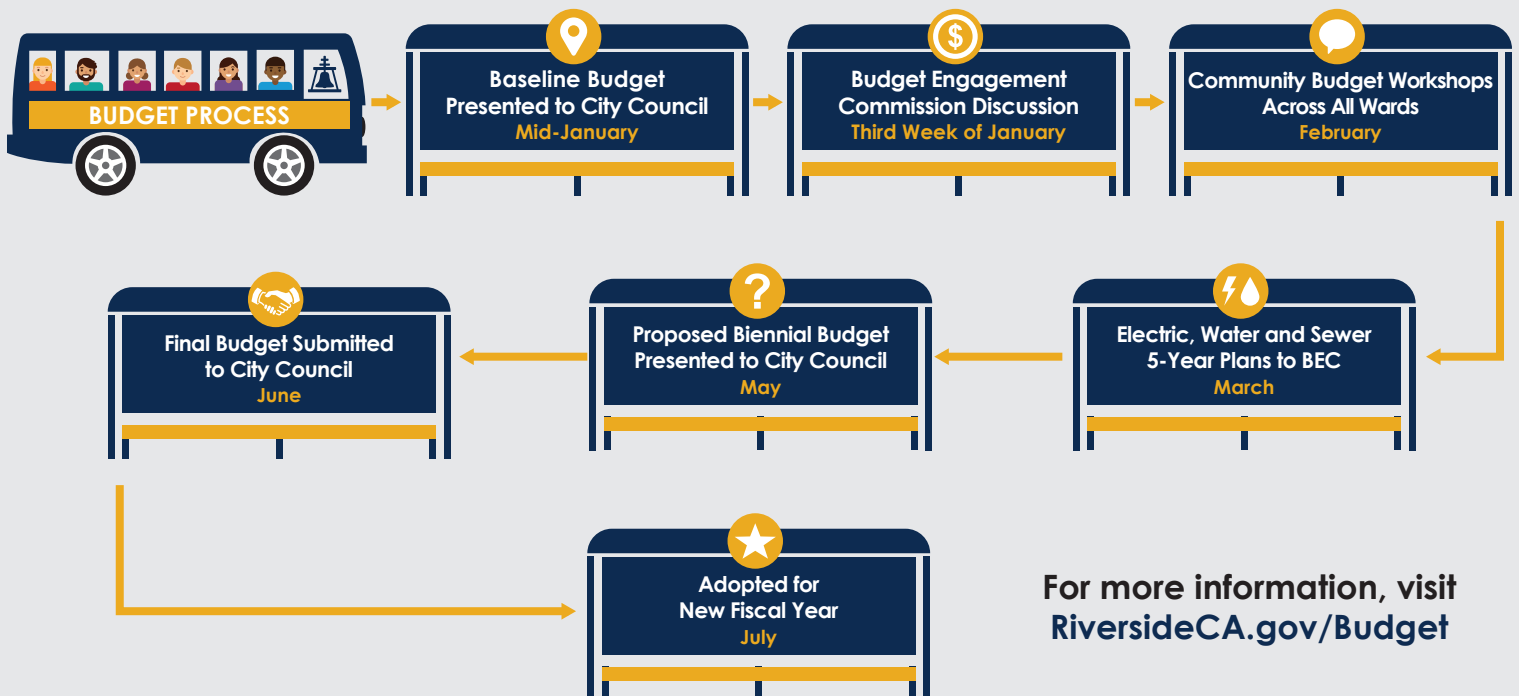
- Eliminate vacancies
- Share equipment and resources between departments to reduce costs

MEASURE Z 5-YEAR SPENDING PLAN

Measure Z took effect April 1, 2017, and is anticipated to help restore many critical services eliminated in June 2016, and enhance other critical unfunded needs. By increasing the City's sales tax rate from 7.75% to 8.75%, Measure Z is estimated to generate over \$50 million in revenue in FY 17-18 with 1% annual increases assumed for the next five years.



BUDGET DEVELOPMENT PROCESS



For more information, visit RiversideCA.gov/Budget