

Proposed FY 2018-2020 Two-Year Budget

Finance Department

City Council
June 12, 2018

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BACKGROUND

1. November 2017: development of the City budget began;
2. January 16th: baseline budget and five-year plans presented to City Council;
3. January–April: Public engagement;
4. May 1st: Proposed Budget presented to City Council;
5. May 8th – 22nd: Department Budget presentations to City Council.



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BUDGET THEME – PROMISES MADE, PROMISED KEPT

KEY BUDGET THEMES


Maintaining Essential Services and Infrastructure


Financial Accuracy


Financial Responsibility & Discipline


Transparent & Participatory Process

STRONG FINANCIAL FOUNDATION

Two-Year Budget and Five-Year Plan

Structurally Balanced FY 2016-2018 Budget

Measure Z

Budget Engagement Commission

General obligation bond rating increased from A+ to AA- by S&P

General Fund reserve at over 20%



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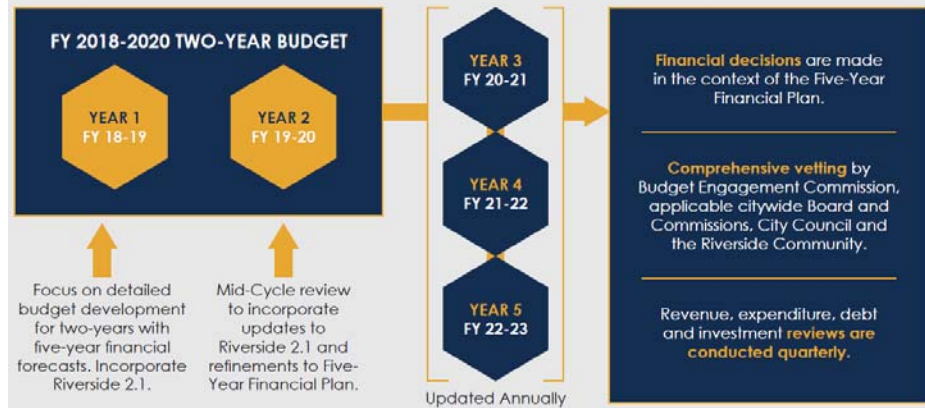
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FIVE-YEAR FINANCIAL PLANS

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

- General Fund
- Measure Z
- Electric Fund
- Water Fund
- Sewer Fund
- Refuse Fund
- Parking Fund



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BOTTOM LINE

1. Proposed Budget:
 - a) FY 2018-2019: \$1,076 million
 - b) FY 2019-2020: \$1,117 million

2. Revised Proposed Budget:
 - a) FY 2018-2019: \$1,078 million
 - b) FY 2019-2020: \$1,114 million

3. Recommended Budget Adjustments:
 - a) FY 2018-2019: \$1.5M increase in expenditures; \$2.2M decrease in revenue; \$3.7M increase in use of reserves
 - b) FY 2019-2020: \$-3.2M decrease in expenditures; \$-2.7M decrease in revenue; \$500K increase in addition to reserves.



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RECOMMENDED ADJUSTMENTS – GENERAL FUND

General Fund	FY 2018/19	FY 2019/20	2-Year Impact
Revenue			
Property Tax	50,000	125,000	175,000
Utility Users' Tax - Electric	(253,475)	(267,357)	(520,832)
Revenue from Other Agencies	205,424	423,173	628,597
General Fund Transfer - Electric	-	(540,000)	(540,000)
Subtotal Revenue	1,949	(259,184)	(257,235)
Use of/(Addition to) Fund Reserves	(331,667)	331,667	-
Expenditures			
Non-Personnel - Professional Svcs	205,424	423,173	628,597
Non-personnel - Utilities	(35,142)	(28,880)	(64,022)
Special Projects - Fiscal Mgmt	(250,000)	(119,310)	(369,310)
Special Projects - CMO Audit Prgm	(300,000)	(327,500)	(627,500)
Special Projects - Innovation District	50,000	125,000	175,000
Subtotal Expenditures	(329,718)	72,483	(257,235)



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RECOMMENDED ADJUSTMENTS – MEASURE Z

Measure Z	FY 2018/19	FY 2019/20	2-Year Impact
Revenue			
Sales Tax	2,467,430	2,492,104	4,959,534
Use of/(Addition to) Fund Reserves	1,196,391	(1,372,607)	(176,216)
Expenditures			
Fire Truck Staffing	263,821	1,069,497	1,333,318
Fire Equipment/One-time Operating	250,000	-	250,000
Contingency - Fire Radios	2,500,000	-	2,500,000
Recreation - Summer Pools	50,000	50,000	100,000
Arlington Youth Innovation Ctr FF&E	600,000	-	600,000
Subtotal Expenditures	3,663,821	1,119,497	4,783,318



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RECOMMENDED ADJUSTMENTS – ELECTRIC FUND

Electric Fund	FY 2018/19	FY 2019/20	2-Year Impact
Revenue			
Retail Revenue	(4,709,000)	(4,967,000)	(9,676,000)
Use of/(Addition to) Fund Reserves	2,909,000	627,000	3,536,000
Expenditures			
Capital Projects	(1,800,000)	(1,800,000)	(3,600,000)
Debt Service	-	(2,000,000)	(2,000,000)
General Fund Transfer	-	(540,000)	(540,000)
Subtotal Expenditures	(1,800,000)	(4,340,000)	(6,140,000)

** An alternative option would be to use Electric Utility reserves to fund capital projects at levels Proposed in the FY 2018-2020 Two-Year Budget. This would not impact Public Utilities' ability to meet the requirements of the existing fiscal policies over the next two years; reductions to capital projects may be needed in FY 2020-21 and beyond, depending on the financial impacts of the rate plan, debt refinancing, and ability to complete projects.*



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RECOMMENDED ADJUSTMENTS – OTHER FUNDS

Other Funds – Electric Cost Decreases	FY 2018/19	FY 2019/20	2-Year Impact
Use of/(Addition to) Fund Reserves	(52,551)	(81,047)	(133,598)
Expenditures			
291 - Special Districts	(42)	(28,880)	(28,922)
510 - Electric / Utilities	(1,905)	(42)	(1,947)
511 - Electric-Public Benefit Progs	(127)	(1,905)	(2,032)
520 - Water	(31,274)	(127)	(31,401)
530 - Airport	(1,368)	(31,274)	(32,642)
540 - Refuse	(99)	(1,368)	(1,467)
550 - Sewer	(17,352)	(99)	(17,451)
570 - Public Parking	(384)	(17,352)	(17,736)
Subtotal Expenditures	(52,551)	(81,047)	(133,598)



FURTHER DISCUSSION - CALPERS

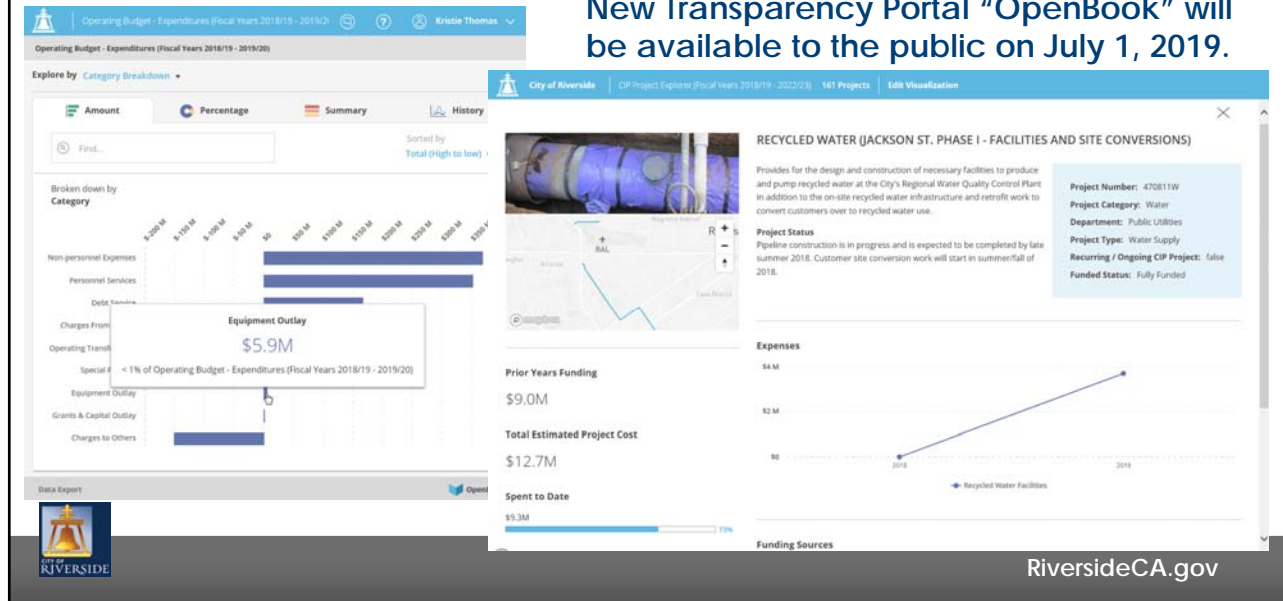
- Report to Finance Committee on cost projections; begin development of plan to address rising costs.

Citywide Estimated CalPERS Costs



TRANSPARENCY PORTAL

New Transparency Portal "OpenBook" will be available to the public on July 1, 2019.



RECOMMENDATIONS

1. Conduct a public hearing on the City of Riverside's Proposed Fiscal Year 2018-20 Two-Year Budget and FY 2018-20 Capital Improvement Program Budget;
2. Adopt a resolution approving the Fiscal Year 2018-20 Two-Year Budget for the City of Riverside totaling \$1,078,045,863 in FY 2018/19 and \$1,114,093,012 in FY 2019/20 across all funds as amended by staff's recommended budget adjustments;
3. Delegate investment responsibility to the City Chief Financial Officer/Treasurer beginning July 1, 2018 through June 30, 2019;



RECOMMENDATIONS (cont.)

4. Adopt a resolution approving the revised Master Fees and Charges Schedule and authorize the Chief Financial Officer/Treasurer to make any minor non-substantive changes to the schedule categories that do not affect the fees; and
5. Direct staff to report to the Finance Committee on the City CalPERS cost projections and to begin discussions on the development of a plan to address the City's rising CalPERS costs.

