

# Proposed FY 2018-2020 Two-Year Budget and FY 2018-2023 Capital Improvement Program Plan

Finance Department

City Council  
May 1, 2018

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## BACKGROUND

1. November 2017 – development of the City budget began;
2. January 16<sup>th</sup> – baseline budget and five-year plans presented to City Council;
3. January–April – Public engagement, including:
  - a) Budget Engagement Commission
  - b) Finance Committee
  - c) Library Board of Trustees
  - d) Board of Public Utilities
  - e) Community Budget Workshops
  - f) Presentations to City employees, union leaders, and the Greater Riverside Chamber of Commerce.



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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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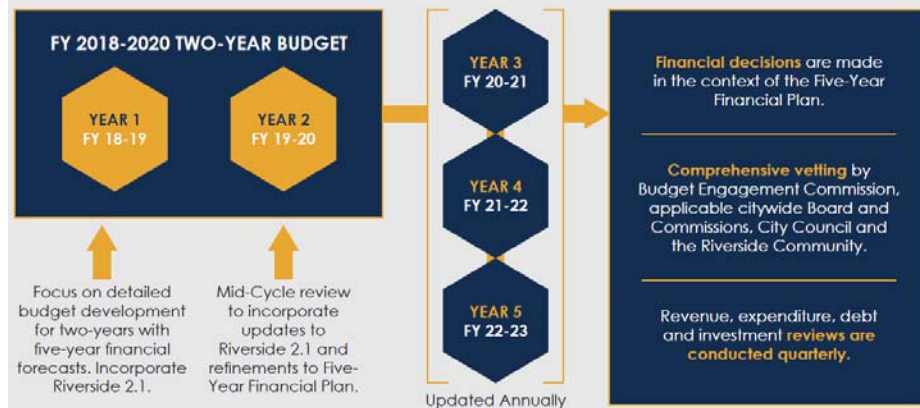
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# FIVE-YEAR FINANCIAL PLANS

## 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. Balanced Budget
  - a) FY 2018-2019: \$1.08 billion
  - b) FY 2019-2020: \$1.12 billion
2. Factors affecting the budget
  - a) CalPERS cost increases
  - b) Enterprise fund rates
  - c) Flattening of General Fund Revenues

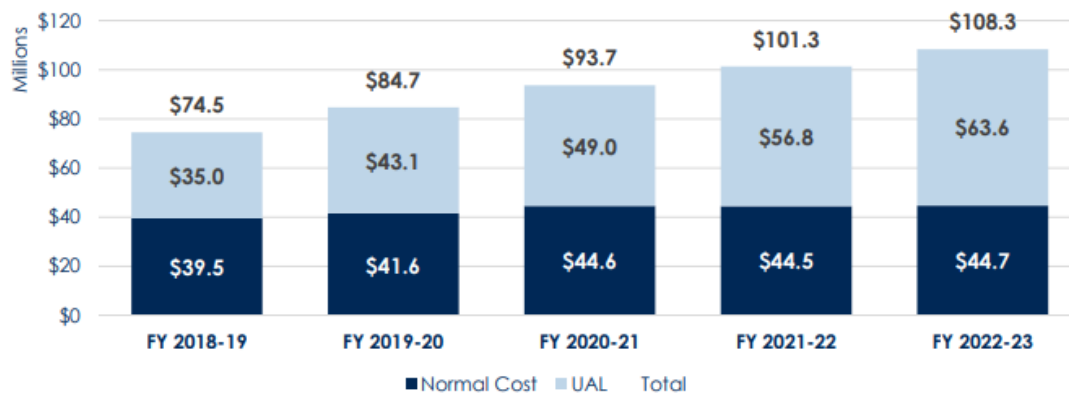


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## CALPERS

Citywide Estimated CalPERS Costs



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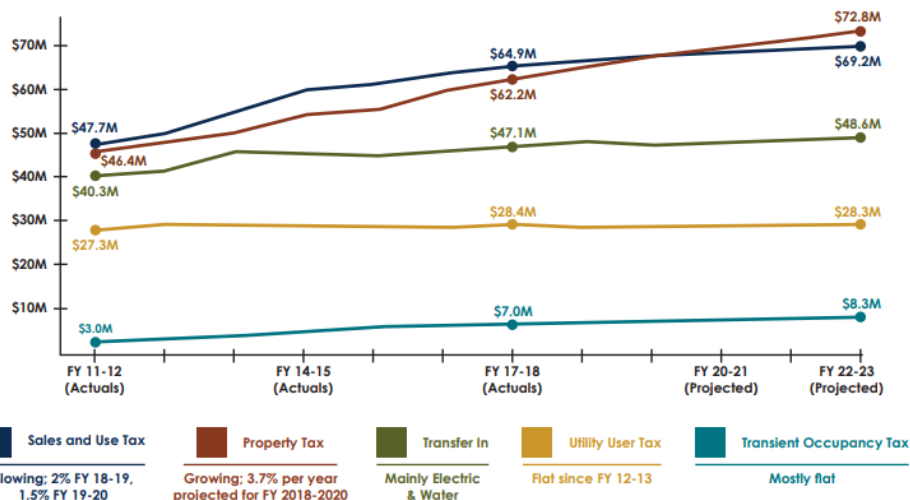
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## ENTERPRISE FUND RATES

1. Electric and Water rate increase included in budget assumptions:
  - a) Increased revenue to Enterprise Funds
  - b) Increased costs to other City funds, including \$1 million to the General Fund
  - c) General Fund Transfer
  
2. No future rate increases projected in the budget for Sewer, Refuse or Parking.



## FLATTENING REVENUES



## GENERAL FUND MEASURES

1. Projected shortfalls
  - a) FY 2018-2019: \$4 million
  - b) FY 2019-2020: \$6.3 million
2. Priorities
  - a) Public Safety
  - b) Infrastructure
  - c) Customer Service
3. Balancing Measures
  - a) No-tax revenue enhancements
  - b) Non-personnel measures
4. Revenue (\$2.3M) - Examples:
  - a) Refunding of old Redevelopment debt (\$1 million)
  - b) Fire Aid Agreement (\$230,000)
  - c) Sale of City-owned IP addresses (\$200,000)
5. Expenditures (\$8M) – Examples:
  - a) Renegotiated/consolidation of vendor agreements (\$587,000)
  - b) Consolidation of duties to reduce positions (\$434,000)
  - c) Eliminated vacancies (\$1.3 million)



## ELECTRIC & WATER REVENUE MEASURES

<b>Fund</b>	<b><u>FY 2018/19 Increased Revenue</u></b>	<b><u>5-Year Increased Revenue Impact</u></b>
<b>Electric:</b> Includes transmission revenue, cap and trade revenue, excess renewable energy credit sales, and property lease revenue	\$3,695,379	\$19,797,820
<b>Water:</b> Includes water conveyance, wholesale water sales, and property lease revenue	\$851,300	\$12,557,621
<b>TOTAL</b>	<b>\$4,546,679</b>	<b>\$32,355,441</b>



## ELECTRIC & WATER EXPENSE MEASURES

<u>Electric Fund</u>	<u>FY 2018/19 Cost Savings</u>	<u>5-Year Cost Savings</u>
Elimination of five positions, representing salary and benefits	\$1,030,028	\$5,650,000
<u>Fund</u>	<u>FY 2018/19 Non-Personnel Savings</u>	<u>Five-Year Non-Personnel Savings</u>
<b>Electric:</b> Includes professional services, energy charges, greenhouse regulatory fees, various maintenance costs, and miscellaneous other costs.	\$2,715,304	\$11,710,276
<b>Water:</b> Includes professional services, production costs, chemical costs, and miscellaneous other costs.	\$411,000	\$671,000
<b>TOTAL</b>	<b>\$3,126,304</b>	<b>\$12,381,276</b>



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## SEWER, REFUSE AND PARKING MEASURES

1. **Refuse:** Defer equipment purchases
2. **Sewer:** Restructure debt
3. **Parking:** Review rate increases recommended in the Parking Plan

Use of fund balance reserves to balance the FY 2018-2020 Two-Year Budget:

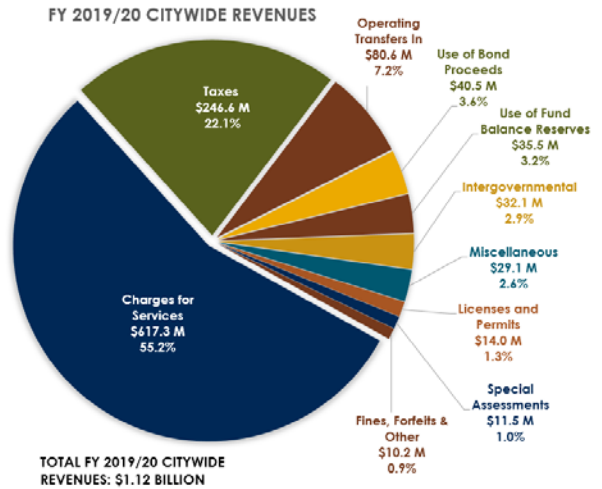
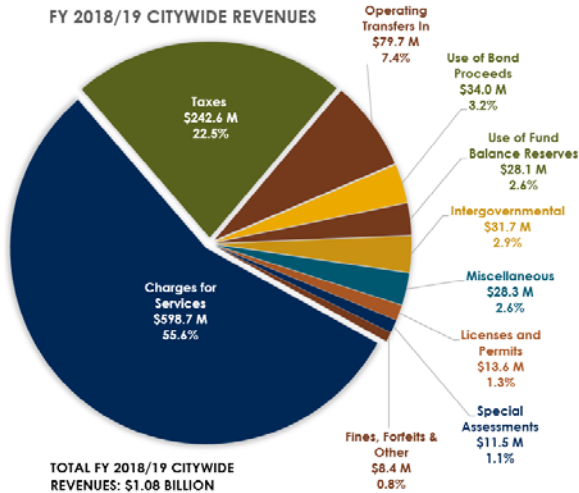
1. Rate Stabilization
2. All funds will remain within policy requirements



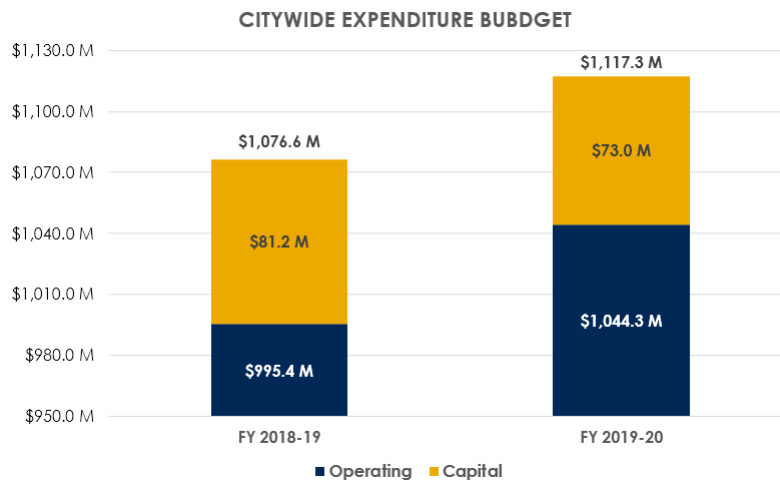
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# FY 2018-2020 TWO-YEAR BUDGET - REVENUES

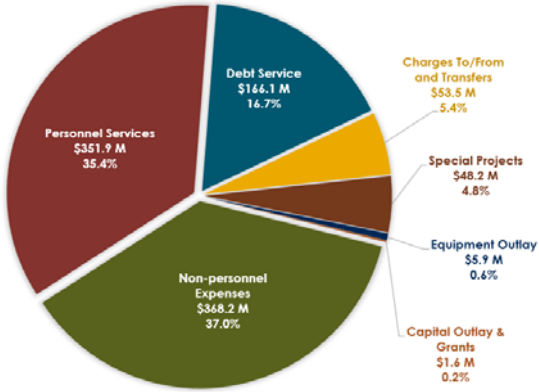


# FY 2018-2020 TWO-YEAR BUDGET - EXPENDITURES



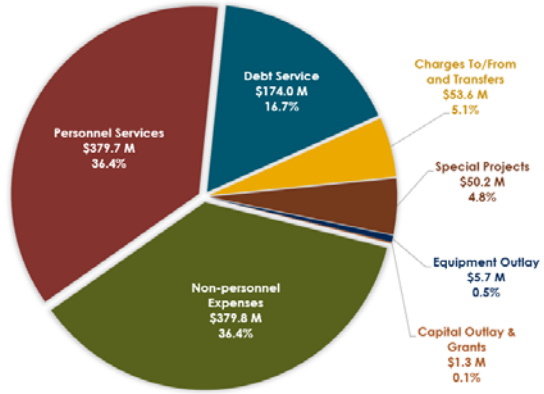
# FY 2018-2020 OPERATING BUDGET

FY 2018-19 CITYWIDE OPERATING EXPENDITURES



TOTAL FY 2018-19 CITYWIDE OPERATING EXPENDITURES: \$995.4 MILLION

FY 2019-20 CITYWIDE OPERATING EXPENDITURES

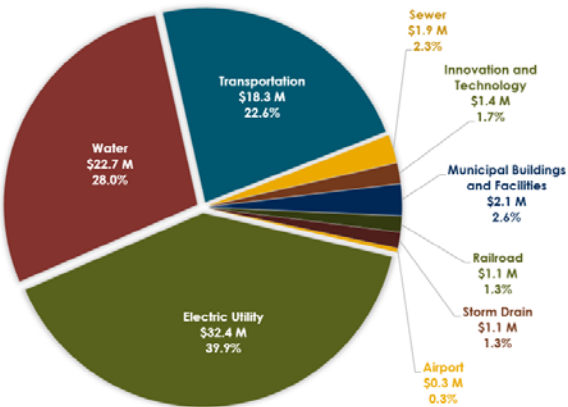


TOTAL FY 2019-20 CITYWIDE OPERATING EXPENDITURES: \$1.04 BILLION



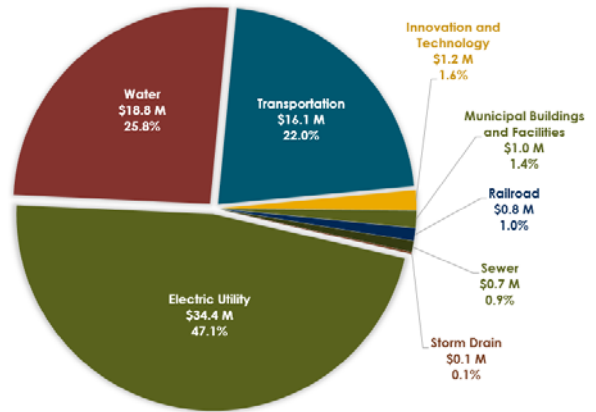
# FY 2018-2020 CAPITAL BUDGET

FY 2018-19 CAPITAL EXPENDITURES



TOTAL FY 2018-19 CAPITAL EXPENDITURES: \$81.2 MILLION

FY 2019-20 CAPITAL EXPENDITURES



TOTAL FY 2019-20 CAPITAL EXPENDITURES: \$73.0 MILLION





## NEXT STEPS

1. Finance staff incorporates City Council recommended changes into the proposed budget
2. Department presentations to City Council on May 8<sup>th</sup>, 15<sup>th</sup>, 22<sup>nd</sup>
3. June 12<sup>th</sup> – Public hearing and budget adoption



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## RECOMMENDATIONS

That City Council:

1. Receive and provide input on:
  - a. The proposed Fiscal Year 2018-2020 Two-Year Budget;
  - b. The 2018-2023 Five-Year Spending Plans for the General Fund, Measure Z, Electric, Water, Sewer, Refuse, and Parking Funds; and
  - c. The proposed Fiscal Year 2018-2020 Capital Improvement Program Budget and 2018-2023 Capital Improvement Program Plan.
2. Set a public hearing for adoption of the FY 2018-2020 Two-Year Budget and FY 2018-2020 Two-Year Capital Improvement Program Budget on June 12, 2018.



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