City of Arts & Innovation

City Council Memorandum

TO: **HONORABLE MAYOR AND CITY COUNCIL** **DATE: JUNE 18, 2019**

FROM: **FINANCE DEPARTMENT** **WARDS: ALL**

SUBJECT: **FISCAL YEAR 2018/19 THIRD QUARTER FINANCIAL REPORT, MEASURE Z UPDATE, AND RELATED INTERFUND TRANSFERS AND SUPPLEMENTAL APPROPRIATIONS**

ISSUE:

That the City Council receive and provide input on the attached Fiscal Year 2018/19 Third Quarter Financial Report and Measure Z update, and approve interfund transfers and supplemental appropriations.

RECOMMENDATIONS:

That the City Council:

1. Receive and provide input on the attached Fiscal Year 2018/19 Third Quarter Financial Report and Measure Z Update; and

2. Approve interfund and interdepartmental transfers of $4,746,759 as detailed in Attachment 2, and related supplemental appropriations in the same amount required to effectuate the interdepartmental transfers, and a net budget reduction of $9,713 across city funds; and

3. Approve a $2.5 million supplemental appropriation in Sewer Fund account 4125200-425900 to reimburse Community Service Districts (CSDs) for overpayments made during fiscal years 2016/17 and 2017/18.

BACKGROUND:

On June 12, 2018, the City Council adopted Resolution No. 23316 approving the Fiscal Year (FY) 2018-2020 Two-Year Budget.

On January 22, 2019, the City Council received the FY 2018/19 First Quarter Financial Report for the General Fund and Measure Z.

On March 26, 2019, the City Council received the FY 2018/19 Second Quarter Financial Report for the General Fund, Measure Z, and major Enterprise Funds (Electric, Water, Sewer, and Refuse).

DISCUSSION:

FINANCIAL REPORT

Throughout the fiscal year, City departments and the Budget Office monitor and analyze all City funds for potential issues that require attention and mitigating action. For the third quarter report, City departments analyzed financial status for all funds and appropriations under their purview and reported no areas of immediate concern.

Revenue & Expenditure Analysis

Revenue and expenditure activity may be impacted by timing or unique characteristics that cause reported activity to appear to be either lagging or exceeding budget at any given point in time. For example, revenue accruals may cause revenues to appear to lag throughout the fiscal year until closing entries and revenue accruals are posted at fiscal year-end. In expenditures, debt payments and other expenditures may not occur at a frequency that coincides with quarterly reporting, causing expenditures to appear to be either exceeding budget or coming in under budgeted appropriations. Therefore, revenue and expenditure analysis incorporates two perspectives:

1. Comparison of budget-to-actual to determine whether budgeted revenue forecasts are expected to be achieved or expenditure budgets are expected to be exceeded; and

2. Comparison of current year revenues and expenditures to the same period for the prior fiscal year to determine whether the observed deviations in budget-to-actual are typical of timing trends in the revenue and expenditure categories.

Significant deviations within those two views are addressed in this report.

Capital Projects

Capital projects are typically multi-year projects that are budgeted in advance, or “front-loaded”, to ensure that funds will be available through project completion. As a result, it is common that capital expenditures appear to lag significantly as compared to budget. Departments routinely review project status as a better measurement of performance related to capital projects. Within this quarterly financial report, recently completed and newly started capital projects are highlighted.

Update: Potential Fiscal Impacts Resulting from Federal or State Legislative/Judicial Actions

Legislative or judicial items are monitored for financial impacts; recent developments or pending items are described below.

- **Wayfair Ruling:** In June 2018, the United States Supreme Court ruled in *South Dakota v. Wayfair, Inc.* that a company’s physical presence in a state is not necessary to assess tax on the sale of goods. Following this ruling, the State of California stated that the California use tax will apply to retailers whose prior calendar year sales in California exceed $200,000 or the number of separate transactions is 200 or more. Subsequently, AB147 was passed which makes the following essential changes to the Wayfair implementation:

    - Sales threshold increased to $500,000; no transaction threshold.
    - Ensures that retailers will also collect local transaction and use taxes.

No revenue forecasts related to this tax are available at this time due to the unknown demographics of the out-of-state retailers.

- **State Funding for Homeless Issues:** Governor Newsom released a revised FY 2019/20 budget proposal for the State of California in May 2019, which included $1 billion in spending on homeless issues. The revised budget proposes a one-time infusion of $650 million in grants to support local governments and regional homelessness agencies. $275 million of the $650 million in grants would go directly to the thirteen largest cities in California, which includes the City of Riverside. Also in May 2019, Governor Newsom announced the formation of a Homeless and Supportive Housing Advisory Task Force to "guide the creation of joint regional plans to address homelessness, including highlighting best practices and model programs at the local level."

General Fund

The General Fund's FY 2018-2020 adopted budget is balanced over two years, with a projected $1.2 million savings in FY 2018/19 intended to offset a projected shortfall of $1.2 million in FY 2019/20. The General Fund Five-Year Financial Plan included in the published budget document projected deficits of $15 to $18 million in each of the following three years, largely attributable to rising pension costs.

As of June 30, 2018, the General Fund carries a 19% reserve balance.

On December 11, 2018, the City Council approved the General Fund carryforward of $2.0 million unexpended FY 2017/18 appropriations to FY 2018/19 to fund the Citywide Geographical Information System (GIS) project, and a set-aside of $4.5 million for the long-term management of CalPERS costs.

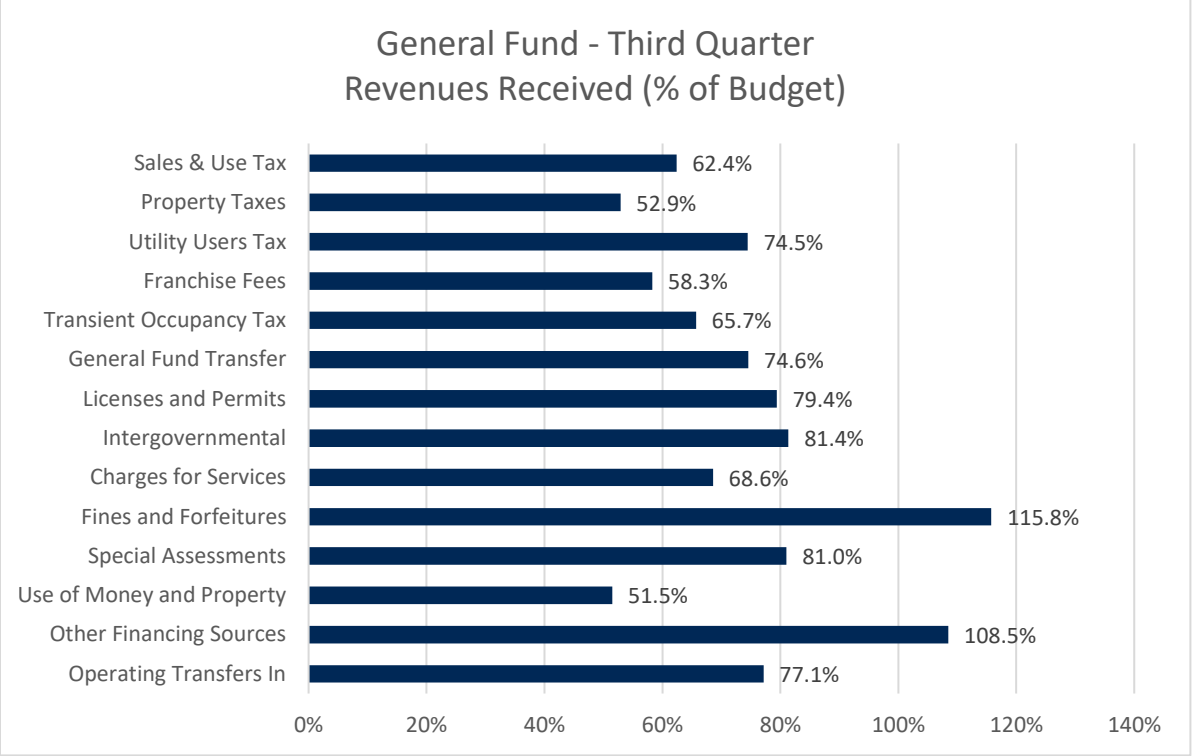
On May 21, 2019, the City Council approved the establishment of a Section 115 Pension Trust Fund for the long-term fiscal management of pension costs. The trust will be established with the $4.5 million of savings set aside from the prior fiscal year.

The FY 2018/19 Third Quarter analysis projects total General Fund revenues to come in as estimated and expenditures to remain within their approved appropriation limits. Proposed adjustments to revenue and expenditure forecasts are identified in the following analysis and result in no net impact to the General Fund.

Revenue Analysis

The Third Quarter analysis reveals that General Fund revenues in total are expected to meet projections. Revenue adjustments are recommended for revenues categories that are likely to deviate from revenue forecasts by fiscal year-end based on performance to date; total revenue adjustments for the General Fund net to zero.

The chart below shows General Fund revenues received as a percentage of the budget for each major revenue category. At third quarter end, General Fund operating revenues are 65.4% of total budgeted revenues. Actual revenues at third quarter end are approximately $500,000 higher than the same period last fiscal year.



For each revenue category, budget-to-actual results that are lower than normally experienced at third quarter end, projected not to meet revenue forecasts, or are recommended to be adjusted are described below.

- **Sales Tax:** Sales Tax is performing strongly, but the exact impact of the reporting changes at the State level on current year performance is unknown. Retroactive sales tax payments were received in the third quarter, following a second quarter estimate which projected a shortfall of $850,000 as compared to budget. As of the third quarter, actual sales tax receipts are 10% higher than prior year for the same period, although the current economy does not support this degree of growth. Autos & transportation and building construction vendors performed better than anticipated, while general consumer goods showed weak holiday returns. Incorporating third quarter returns, HdL, the City's sales tax consultant, now projects potential $3 million over budget. However, given the volatility of current year performance, City staff recommends a conservative adjustment in the revenue forecast of $1.5 million.

- **Intergovernmental:** Revenues in this category are often a product of unpredictable but reimbursable events, such as Mutual Aid provided by the Fire Department to other agencies. As of the third quarter, the Fire Department has incurred reimbursable Mutual Aid costs of $1.9 million. Staff recommends increasing Mutual Aid revenue by $1.1 million to align estimated revenues with reimbursable expenditures already incurred.

  Crossing Guard Services with Alvord and Riverside School Districts was estimated to bring in $200,000 in FY 2018/19; however, representatives from the City and school districts are still in discussions and an agreement has not been met. If an agreement is reached before year-end, revenue will only be received for the remaining months of the fiscal year. Therefore, a reduction of $150,000 is recommended for this item, for a net revenue increase of $950,000 in the revenue category as a whole.

- **Charges for Services:** Charges for Services continue to trend lower than forecasted and

as compared to the prior year; staff recommends a reduction in the forecast of $350,000. The largest underperforming revenues include Fire Prevention, due to the reclassification of restricted revenues to the new fund *Grants and Restricted Funds*, and Fire Inspection Fees, due to a system upgrade and delayed billing.

- **Use of Money and Property:** Use of Money and Property was forecasted based on historical trends; however, this revenue category includes many one-time revenues that are not certain to repeat each fiscal year, including the receipt and transfer of revenue deposits, donations, grants, and Asset Forfeiture funds into the General Fund. Based on current year activity and revised projections, this revenue forecast will be reduced by $1 million.

A summary of third quarter adjustments to revenue forecasts is as follows:

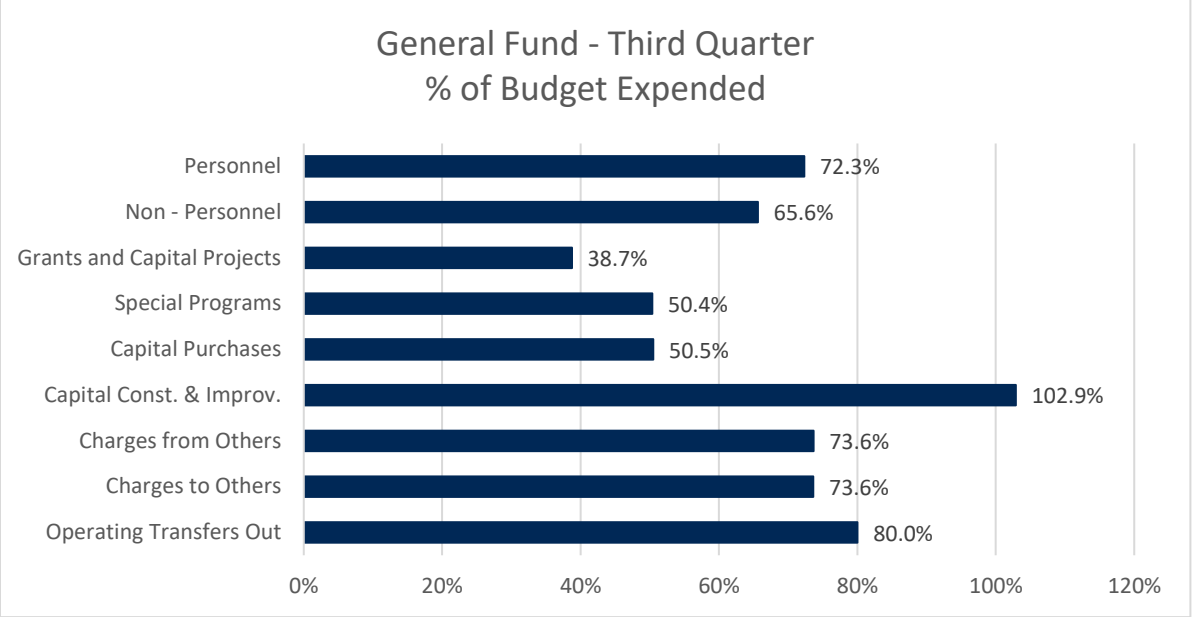
Summary of Third Quarter Revenue Adjustments				
Revenue Category	Amended Budget[1]	Recommended Adjustments	Revised Budget	% Revised
Sales Taxes	$ 65,504,489	$ 1,500,000	$ 67,004,489	2.3%
Intergovernmental	1,856,184	950,000	2,806,184	51.2%
Charges for Services	17,395,143	(350,000)	17,045,143	(2.0%)
Use of Money and Property	5,195,734	(1,000,000)	4,195,734	(19.2%)
Total	**$ 89,951,550**	**$ 1,100,000**[2]	**$ 91,051,550**	**1.2%**

[1] Includes the adopted budget and budget adjustments to date.
[2] Fully offset by supplemental appropriations in reimbursable expenditures.

Expenditure Analysis

Each quarter, departments perform an internal analysis of budget-to-actuals and report areas of concern and mitigating actions to the Budget Office. The Budget Office also performs an independent analysis that focuses on anomalies or deviations from historical trends. Currently, no areas of concern have been reported or identified that require intervention.

At the end of the third quarter, spending in the General Fund is less than 75% of the total budget. The following chart presents total expenditures to date as a percentage of Total Budget, excluding capital projects and grants. “Total Budget” includes the adopted budget, open FY 2017/18 purchase orders carried forward to FY 2018/19, the approved carry-over of unexpended FY 2018/19 funds, budget transfers, and Council-approved supplemental appropriations. All supplemental appropriations approved to date are listed in Attachment 2.



For each expenditure category, budget-to-actual results that are higher than normally experienced at third quarter end, projected to exceed appropriations, or are recommended to be adjusted are described below.

- **Personnel:** As a part of the Statewide Mutual Aid System, the Fire Department incurs reimbursable costs for the deployment of firefighters to emergency incidents. While a nominal budget is included in the adopted budget to provide for related costs, actual costs are unpredictable. For FY 2018/19, the department exceeded its initial Mutual Aid budget by $1.1 million due to high fire activity statewide. Staff recommends a supplemental appropriation of $1.1 million in the Mutual Aid budget, fully offset by an increase to estimated revenues and resulting in a zero net impact to the General Fund.

- **Capital Construction and Improvements:** There are no concerns in this category. The expenditures of this category are interchangeable with the Grants and Capital Projects and the Capital Purchases categories. Individual line item budgets within these three categories may end over or under budget, depending on the nature of items purchased and their required accounting methodology. Across all three categories, 46% of budgeted expenditures have been spent as of the end of the third quarter.

- **Operating Transfers Out:** In the third quarter, the operating transfer from the General Fund (Fund 101) to the General Capital Fund (Fund 401) for the Citywide Geographical Information System (GIS) project was recorded in full, causing this category to be 80% spent at third quarter end. There are no concerns with this expenditure category.

Summary of Third Quarter Expenditure Adjustments				
Expenditure Category	Amended Budget[1]	Recommended Adjustment	Revised Budget	% Revised
Personnel	$ 217,743,582	$ 1,100,000	$ 218,843,582	0.5%
Total	**$ 217,743,582**	**$ 1,100,000**[2]	**$ 218,843,582**	**0.5%**

[1] *Includes the adopted budget and budget adjustments to date.*
[2] *Fully offset by revenue reimbursement.*

Measure Z

The FY 2018-2023 Measure Z Spending Plan was approved by the City Council on June 12, 2018, with the adoption of the FY 2018-2020 Two-Year Budget. The spending plan continued the tenets and spending items of the original spending plan adopted in May 2017 and added funding for Fire personnel and equipment; furnishing, fixtures and equipment for the Arlington Youth Innovation Center (AYIC); and funding for the City's recreational swimming pools. The Spending Plan was updated in November 2018 to reflect actual FY 2017/18 tax revenues recorded and resulted in an increase in future revenue forecasts, including a revised revenue projection of $56.6 million for FY 2018/19.

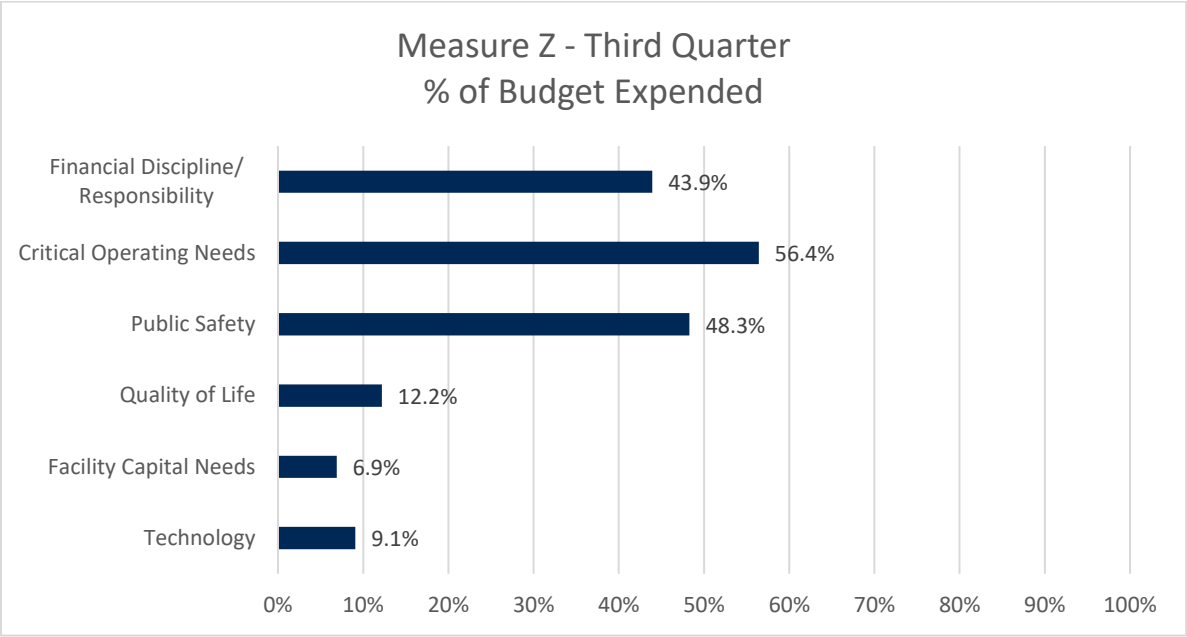
Since November 2018, Measure Z revenues have continued to outperform initial projections. Staff recommends increasing the FY 2018/19 revenue projection to $58 million based on continued performance and updated projections from HdL, the City's sales tax consultant.

Summary of Third Quarter Revenue Adjustments

Revenue Category	Amended Budget[1]	Recommended Adjustment	Revised Budget	% Revised
Sales Taxes	$ 56,560,000	$ 1,440,000	$ 58,000,000	2.5%
Total	**$ 56,560,000**	**$ 1,440,000**	**$ 58,000,000**	**2.5%**

[1] *Represents the November 2018 updated revenue projection.*

Measure Z spending is inconsistent due to the nature of the items funded. Accomplishments reported in the Quarterly Performance Report published by the City Manager's Office provide an informative picture of the use of Measure Z funds and progress of the spending items (Attachment 1-C). A chart of actual spending by major spending category as compared to total budget is presented below.



Measure Z is funding some spending items through debt; payment of debt obligations are provided for in the Measure Z Spending Plan, while the use of debt proceeds is tracked separately. The chart above does not include the use of debt proceeds.

On May 21, 2019, the City Council authorized the issuance of Series 2019B Tax Exempt Lease Revenue Bonds in an aggregate principal amount not to exceed $43,000,000 to finance construction of the new Main Library Project. Debt payments are expected to begin in FY 2019/20; upon issuance of the debt and receipt of the debt payment schedule, the Measure Z Spending Plan will be updated to reflect the actual annual debt obligations. Currently, the Measure Z Spending Plan includes approximately $3.8 million in annual debt payments; actual debt payments are expected to be approximately $3.1 million.

Capital Projects

Projects funded by Measure Z completed in the third quarter include:

- **City Buildings Deferred Maintenance (Spending Item #28):** The projects listed below were completed as part of the larger *City Buildings Deferred Maintenance* project listed in the 2018-23 Capital Improvement Program.
    - Urban Search and Rescue Warehouse – Lights upgraded throughout.
    - Fire Stations 6, 13, 14 – Exterior lighting upgraded.
    - Fire Station 8 – Replaced windows; replaced heating, ventilation, and air conditioning (HVAC) system.
    - Fire Station 10 – Replaced windows; painted exterior; installed new carpet.
    - Lincoln Police Station – Replaced carpet in front office; painted roll call room/hallways; installed new countertops in roll call room; painted outside trim/gates.
    - Police Department Aviation – Replaced two HVAC systems.
    - City Hall – Upgraded security controls; added video access to the parking structure.

Projects funded by Measure Z started in the third quarter:

- **Downtown Main Library (Spending Item #23):** On February 5, 2019, the City Council approved a bid award for approximately $38 million to construct the new Main Library. Construction began in March 2019, with completion scheduled for summer 2020. Mobilization, permitting process, demolition and grading activities started the week of March 14, 2019. Utilities installation, concrete foundation and structural steel will follow in the next six months.

Subsequent Council Actions

As of the submission date of this report, the City Council has taken the following actions related to Measure Z:

- On April 2, 2019, the City Council approved a Measure Z Reserve policy to retain a minimum of $5 million in fund reserves. The reserve has been added to the updated Measure Z Spending Plan (Attachment 1A).
- On April 2, 2019, a one-time allocation of approximately $3.5 million in FY 2018/19 for the Public Safety and Engagement Team Program. (Spending Item # 39)
- On April 23, 2019, a one-time allocation of $99,220 for phase 1 design services for the Museum renovation. (Spending Item # 26)
- On April 23, an annual allocation of $1.5 million for street projects for FY 2017/18 through 2022/23. (Spending Item # 29)
- On May 14, 2019, a one-time allocation of $3.5 million for street projects for FY 2018/19. (Spending Item # 29)

Updated Measure Z Spending Plan

An updated Measure Z Spending Plan, inclusive of the revised revenue forecast and Council actions listed above is provided in Attachment 1A. A table of FY 2018/19 Measure Z spending to date is included in Attachment 1B. Completed accomplishments and progress on spending Items are included in the Third Quarter Performance Report (Attachment 1C).

The following summary of the Measure Z Spending Plan includes:

- FY 2016/17 and FY 2017/18: Actual revenues; allocations of those revenues (inclusive of actual spending, open FY 2017/18 purchase orders carried forward to FY 2018/19, and the approved carry-over of unexpended FY 2017/18 funds); and fund balance at the respective fiscal year end.
- FY 2018/19: Projected revenues; allocations of those revenues by Council action, as of May 24, 2019; and projected fund balance at June 30, 2019. It is critical to note that the projected fund balance is entirely dependent upon revenues coming in as projected, at $58 million.

Category	FY 2016/17 Allocations	FY 2017/18 Allocations	FY 2018/19 Allocations
Revenue	$12,606,428	$56,222,806	$58,000,000
Spending Allocations	9,973,447	46,624,826	57,653,903
Net Change in Fund Balance	**2,632,981**	**9,597,980**	**346,097**
Fund Balance Reserve	-	-	5,000,000
Fund Balance	**$2,632,981**	**$12,230,961**	**$7,577,058**

Sewer Fund

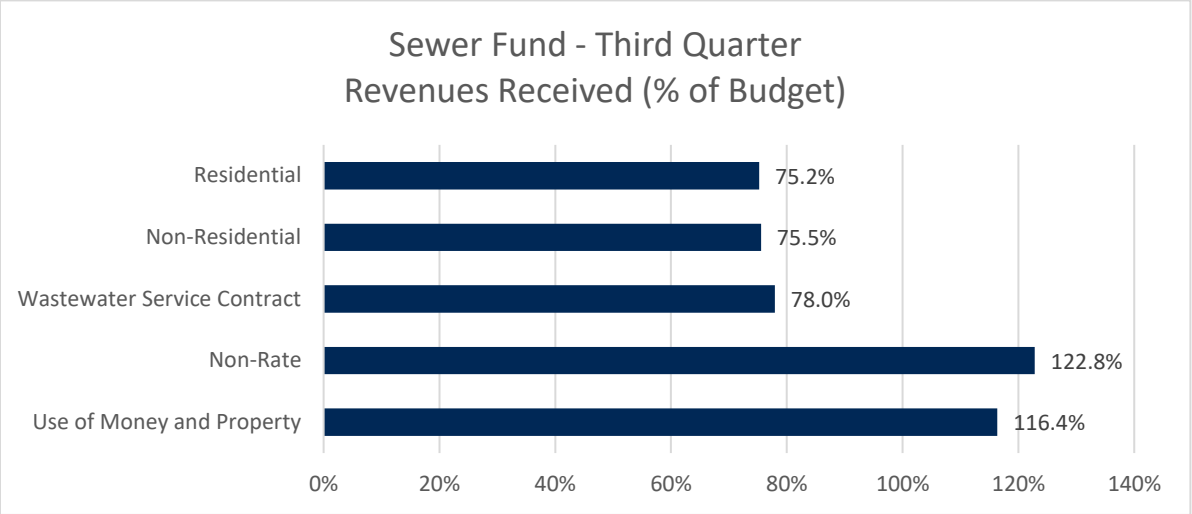
The overall financial position of the Sewer Enterprise fund is good and is operating in accordance with the 2016 Sewer Fund Reserve Policy objectives. Revenue and expenditures are tracking in line with the Sewer Fund financial model and 5-year plan projections. Although the revenue outlook is positive, it should be noted the Wastewater Division is requesting a $2.5 million supplemental appropriation from the Sewer Enterprise Fund Balance in order to process a refund owed to the Jurupa, Rubidoux, Edgemont Community Services Districts (CSDs).

Recent refinancing of the 2009A Sewer Revenue Bonds and aggressive management of expenditures have bolstered the Sewer Fund's stable financial position in the current fiscal year. In addition, the Public Works Wastewater Division is in the process of completing the Wastewater Treatment and Collection Master Plan Update project, which includes a comprehensive financial and cost of service analysis and evaluation of various rate structure alternatives for consideration. The outcome of this study will inform future rate discussions.

Revenue Analysis

The Third Quarter revenue analysis reveals that overall revenues are slightly above the projected budget and tracking at 77.96%. Projected revenues overall are trending 2.4% above revenue forecasts. This includes a 0.5% increase in wastewater rate revenue and a 1.9% increase in non-rate categories, such as connection fees and/or fines for violations. We are projecting total

revenues will exceed expenditures by the end of FY 2018/19 by approximately $1.4 million.



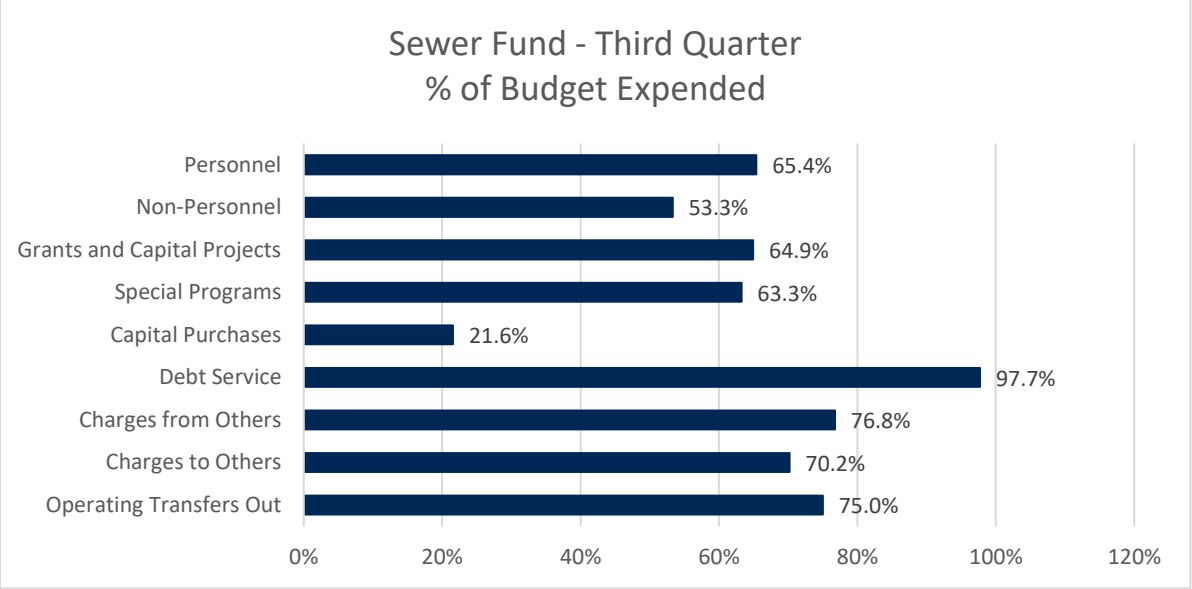
For each revenue category, budget-to-actual results that are lower than normally experienced at third quarter end, projected not to meet revenue forecasts, or are recommended to be adjusted are described below.

- **Wastewater Service Contracts:** Although the wastewater contracts appear to exceed projections, they will be reconciled and any potential reimbursements will be accrued at the end of FY 2018/19.

- **Use of Money and Property:** Interest returns are expected to exceed projections by 16% for FY 2018/19 due to a rebalancing of the investment portfolio. Cash with fiscal agent was redirected to investment vehicles that produce a higher rate of return.

Expenditure Analysis

Overall expenditures are tracking at 84.05% of total budget but that is mostly due to Debt Service payments that were paid early in the fiscal year. Based on current projections, 94% of expenditures are expected to be spent by the end of FY 2018/19.



For each expenditure category, budget-to-actual results that are higher than normally experienced at third quarter end, projected to exceed appropriations, or are recommended to be adjusted are described below.

- **Debt Service:** Currently at 97.7% of budget due mainly to large payments made in the 1st quarter of the fiscal year. Expected to be on target by the end of the fiscal year.

- **Charges to Others:** On February 19, 2019, the City Council approved a Memorandum of Understanding (MOU) between the Sewer Fund and Water Fund. The Water Fund will make five annual payments of $750,000 to the Sewer Fund for recycled water system improvements at the Riverside Regional Water Quality Control Plant, which will benefit the Water Fund. Expenditures are currently at 70.2% of budget since the current fiscal year's $750,000 charge to RPU under the Recycled Water MOU has not been realized.

Supplemental Appropriation Request: $2.5 million

The Wastewater Division is requesting a $2.5 million supplemental appropriation from the Sewer Enterprise Fund Balance in order to process a refund owed to the Jurupa, Rubidoux, Edgemont Community Services Districts (CSDs). Wastewater from the City of Riverside and the communities of Jurupa, Rubidoux, Edgemont, and Highgrove is treated at the Regional Water Quality Control Plant (RWQCP). There are existing Wastewater Service Agreements and billing methods in place between the City of Riverside and the CSDs. Specifically, the CSDs are billed based on estimated operation and maintenance expenses to treat wastewater. At the end of each fiscal year, the estimated and actual charges are reconciled and as a result, refunds for overpayments or debits for shortfalls are issued to each of the CSDs.

The requested $2.5 million supplemental appropriation is needed to reimburse the CSDs, as specified in our Wastewater Service Agreements, for overpayments made during fiscal years 2016/17 and 2017/18. Ongoing litigation with the Rubidoux Community Services District has complicated the CSD reconciliation process and has held up reimbursement. Recently on April 3, 2019, the CSD Regional Advisory Committee (RAC) approved a temporary billing method to move forward with the reimbursements for FY 2016/17 and 2017/18. Consequently, Sewer Fund revenue was overstated by $2.5 million spanning the previous two fiscal years due to the reimbursements that were being held until the RAC was given the opportunity to vote on the reimbursement amounts.

Capital Projects

Projects completed in the third quarter:

- **Water Quality Control Plant (WQCP) - Exterior Painting:** The WQCP completed a major modernization project which included the construction of several new buildings and the installation of new equipment. Many existing buildings and structures that were not included in the Phase I Plant Expansion Project, were in need of a fresh protective exterior coat of paint. The Exterior Painting Project was completed on time and within budget.

- **WQCP-Design/Build Services for the Rehabilitation/Replacement of Blower No.2:** Blower No. 2 supplied up to 12,000 cubic feet per second of air to the WQCP's aeration basins and replaced the 700 horsepower turbocharged blower with a new high efficiency 600 horsepower turbocharged blower. Installation of the blower is part of the mandated National Pollutant Discharge Elimination System (NPDES) Permit.

- **WQCP-Administration Building HVAC System Phase I:** The 150-ton Absorption/Condenser and Water Cooled Chiller Unit was at the end of its 20-year useful life and needed to be replaced as parts were no longer being manufactured. A new 250-ton air-cooled unit was installed by a Design/Build procurement process. The unit supplies cold condition air for the Administration Building offices and a state certified testing laboratory.

Projects started in the third quarter:

- **WQCP-HVAC System for the 12kV Electrical Switchgear Building:** This project will install a 5-ton air conditioning unit for the main 12kV switchgear building for the plant. Temperatures in the summer can reach up to 130 degrees inside the building, which deteriorates the high voltage components and can lead to a potential power outage. This project will be completed by Fall 2019.

- **WQCP-Activated Sludge Treatment Rehabilitation 19 12-inch Plug Valves:** This project will replace nineteen 12-inch plug valves that are more than 20 years old. This project will be completed by Fall 2019.

- **Fairmount Park Sewer Rehabilitation:** This project consists of the installation of a CIPP liner in an existing 18-inch VCP sewer main and rehabilitation of manholes on the same pipeline.

- **Miscellaneous:** Replacement of existing sewer mains on Bergamont Drive, Via Vista Drive, California Avenue, and Cantebury Road are currently under construction and will be completed by Fall 2019. Installation of sewer laterals are under construction at 6160 and 6162 Bluffwood Drive and rehabilitation an existing 8-inch sewer main.

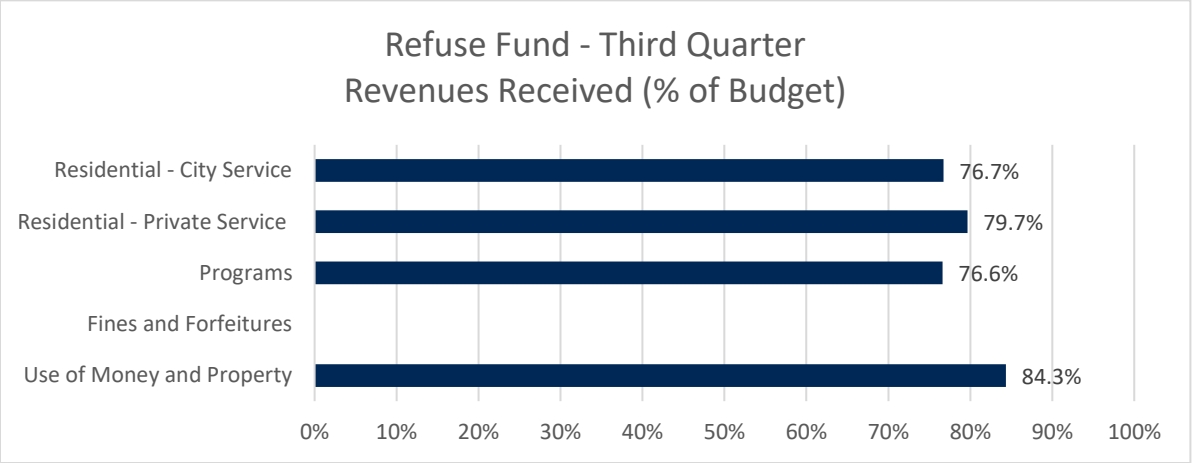
<u>Refuse Fund</u>

On December 18, 2018, the City Council approved a mid-year rate adjustment effective January 1, 2019, and an amendment to the existing waste processing agreement. Service revenue forecasts have been updated based on third quarter performance, and sufficient expenditure savings exist to cover the increase waste processing costs. The increase in revenue will offset the loss of revenue from Street Sweeping Fines as described below. As a result of these

adjustments, there is a slight improvement in projected FY 2018/19 performance in the Refuse Fund: the adopted budget projected a $2.2 million draw on cash reserves for FY 2018/19; the revised projections produce a $1.7 million draw on cash reserves. In addition, Public Works has retained a consultant to perform a comprehensive review of refuse operations to optimize services and cash flow.

Revenue Analysis

The chart below shows Refuse Fund revenues received as a percentage of the budget for each major revenue category. At third quarter end, 72% of total budgeted revenues have been received as of the end of the third quarter. Actual revenues at third quarter end are approximately $839,000 lower than the same period last fiscal year.



For each revenue category, budget-to-actual results that are lower than normally experienced at third quarter end, projected not to meet revenue forecasts, or are recommended to be adjusted are described below.

- **Residential – City Service:** As a result of the rate increase effective January 1, 2019, and recent revenue performance, the revenue forecast for this category will be increased by $498,000.

- **Residential – City Service:** As a result of the rate increase effective January 1, 2019, and recent revenue performance, the revenue forecast for this category will be increased by $315,000.

- **Programs (Administrative Fees):** As a result of the rate increase effective January 1, 2019, and recent revenue performance, the revenue forecast for this category will be increased by $699,000.

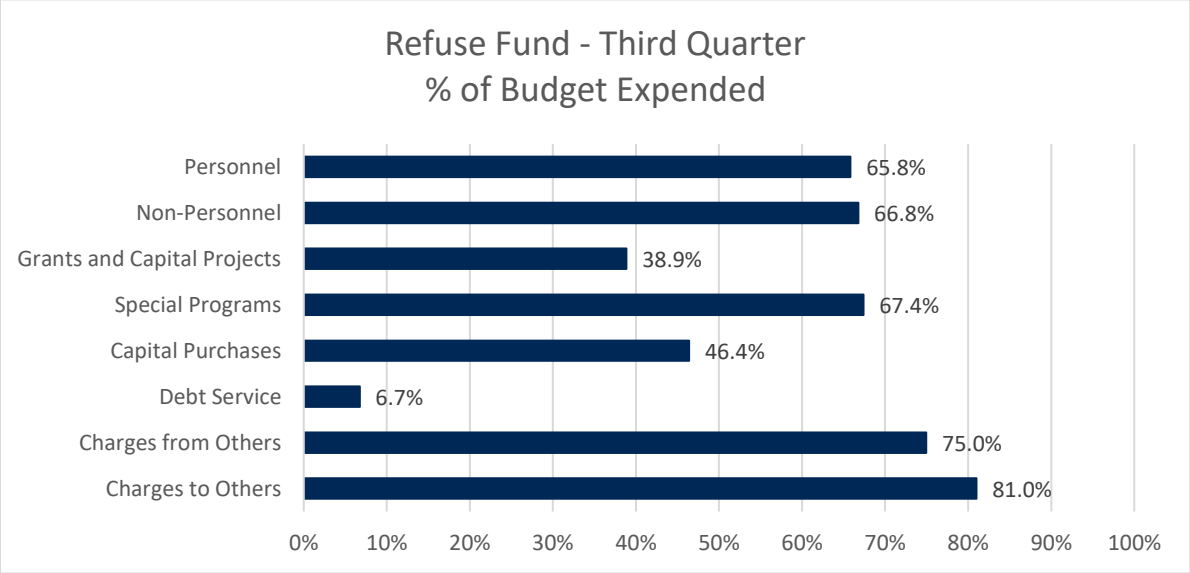
- **Fines & Forfeitures:** The revenue forecast of $1.2 million, consistent with historical activity, will not be achieved as a result of an unplanned Street Sweeping Sign replacement project which began in August 2018 and is ongoing. The revised forecast projects $285,000 total revenue from Street Sweeping fines in FY 2018/19. Therefore, the revenue budget for this category will be reduced by $1,014,000 for FY 2018/19. As the signs are replaced within the service routes, parking enforcement citations will resume. Revenue increases in other categories will offset this revenue loss.

Summary of Third Quarter Revenue Adjustments				
Revenue Category	Amended Budget[1]	Recommended Adjustments	Revised Budget	% Revised
Residential – City Service	$ 11,787,873	$ 498,000	$ 12,285,873	4.2%
Residential – Private Service	4,276,036	315,000	4,591,036	7.4%
Programs	5,385,406	699,000	6,084,406	13.0%
Fines and Forfeitures	1,207,200	(1,014,000)	193,200	-84.0%
Use of Money and Property	397,120	-	397,120	0.0%
Total	**$ 23,053,635**	**$ 498,000**	**$ 23,551,635**	**2.2%**

[1] *Includes the adopted budget and budget adjustments to date.*

Expenditure Analysis

The chart below shows Refuse Fund expenditures as a percentage of the budget for each major expenditure category. At third quarter end, actual expenditures are 64.5% of total budgeted expenditures. Overall, projected expenditures are tracking at 97.3% of total budget and demonstrate the Refuse Fund is on track to meet budgeted expenditure targets.



For each expenditure category, budget-to-actual results that are higher than normally experienced at third quarter end, projected to exceed appropriations, or are recommended to be adjusted are described below.

- **Charges to Others:** Third quarter actuals are currently at 81.0% of budget. The overage is mainly due to Refuse staff assisting with Street Sweeping staff in operating the Roll-off truck to place and remove street sweeping bins throughout the City.

<u>Riverside Public Utilities (RPU)</u>

For the Electric and Water Funds, capital projects are budgeted on a program basis with many active projects in progress at the same time, ranging from less than $50,000 in size to multi-million dollars in major projects that require Board of Public Utilities (Board) approval. Major capital projects require several months, and in certain cases cross fiscal years or span multiple fiscal years to complete. The total budget will not be fully spent for any given year due to the timing of

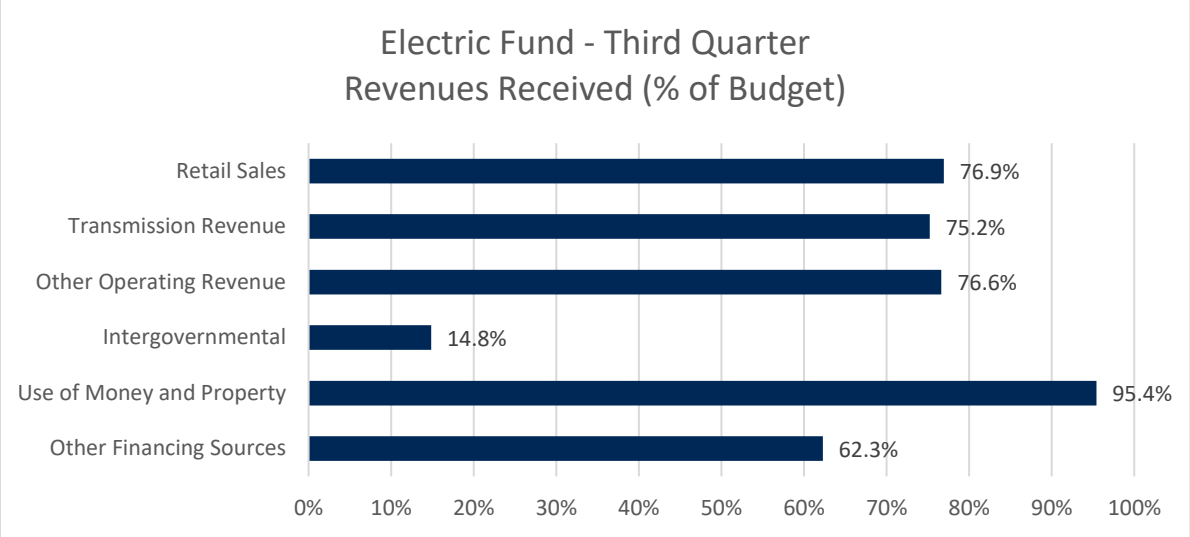
projects and extenuating circumstances that may cause a project to be delayed.

Electric Fund

The third quarter analysis of the Electric Fund shows actual revenues and expenses are trending on target as amended. A supplemental appropriation for power supply budget was presented to the Board on April 22, 2019 and approved by City Council on May 7, 2019 due to unanticipated increase in power supply costs. Capital projects are progressing consistently with the Capital Improvement Program (CIP).

Revenue Analysis

Overall, Electric revenues are trending at 77% of total budget at March 31, 2019 due to higher retail sales in the first quarter of the fiscal year for the summer season. Weather can significantly impact retail revenues, which will be monitored throughout the remainder of FY 2018/19.



For each revenue category, budget-to-actual results that are lower than normally experienced at third quarter end, projected not to meet revenue forecasts, or are recommended to be adjusted are described below.

- **Intergovernmental:** Grant funded projects have been delayed due to the current transition of the sustainability work efforts from RPU to a citywide sustainability program.

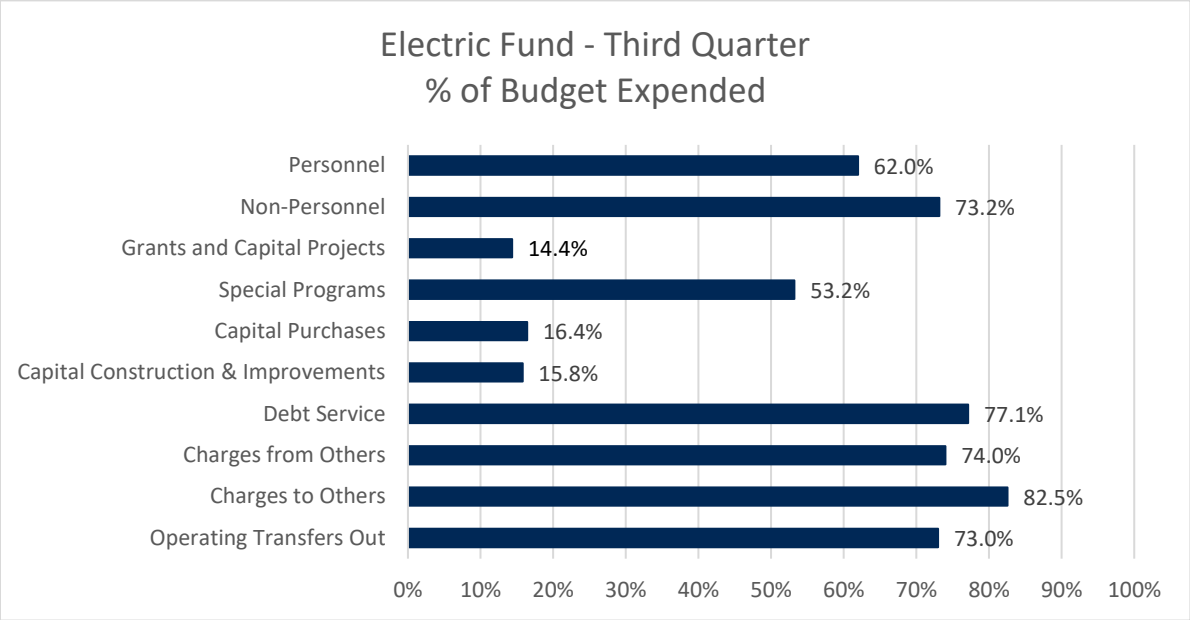
- **Use of Money and Property:** This revenue category represents non-operating revenues such as interest income, rental income, and miscellaneous one-time receipts that are not received evenly throughout the year. Actuals through March 2019 are at 95.4% of total budget, primarily due to higher than anticipated interest earnings on investments and a settlement recovery of $715,000 from San Onofre Nuclear Generating Station.

- **Other Financing Sources:** This revenue category is primarily comprised of proceeds from sale of salvage materials and damage claim recoveries, which are unpredictable and not received evenly throughout the fiscal year.

Expenditure Analysis

At March 31, 2019, Electric Fund expenditures, excluding capital projects, are trending slightly

lower than 75% of the total budget. Power supply costs within non-personnel are expected to trend higher than the adopted budget for power supply through the remainder of FY 2018/19.



For each expenditure category, budget-to-actual results that are higher than normally experienced at third quarter end, projected to exceed appropriations, or are recommended to be adjusted are described below.

- **Non-Personnel:** Due to higher than expected power supply costs as a result of higher than anticipated consumption, market energy prices, and natural gas prices, power supply expenditures are projected to be higher than the power supply adopted budget by the end of the fiscal year. A supplemental appropriation of $7 million for power supply budget was presented to the Board on April 22, 2019 and approved by City Council on May 7, 2019. The increase in power supply costs is expected to be offset by savings in other operating budget line items with any difference to be covered by Electric Unrestricted, Undesignated Cash Reserve.

- **Capital Construction & Improvements:** Actual capital expenditures of 15.8% through March 31, 2019 are on track with the CIP plan. Consistent with the Utility 2.0 initiatives, areas of focus have been on electric system reliability and aging infrastructure replacement. The Electric Fund spent 15.8% ($24 million) of its total CIP budget for the first nine months of the fiscal year, comprising of the various CIP categories. The Electric Fund currently projects to spend an additional 10% (approximately $15 million) for the balance of FY 2018/19 based on the various stages of its capital projects.

- **Debt Service:** Debt service is higher than 75% at March 31, 2019 primarily due to the annual principal payments made on bonds in October 2018. Total debt service is expected to be within total budget at year-end.

- **Charges to Others:** Charges to Others primarily represent the charge out of internal labor and overhead costs to capital projects. This category is trending higher than expected due to an increase in capital project work. This trend is expected to continue for the remainder of the fiscal year.

Capital Projects

The Electric Fund completed capital improvements during the first nine months of FY 2018/19 that focused on the three major infrastructure replacement categories of Overhead, Underground and Substation which are part of Utility 2.0 initiatives. Completed projects in these categories benefit system reliability and mitigate the potential for widespread, prolonged customer outages.

Projects completed during Third Quarter of FY 2018/19:

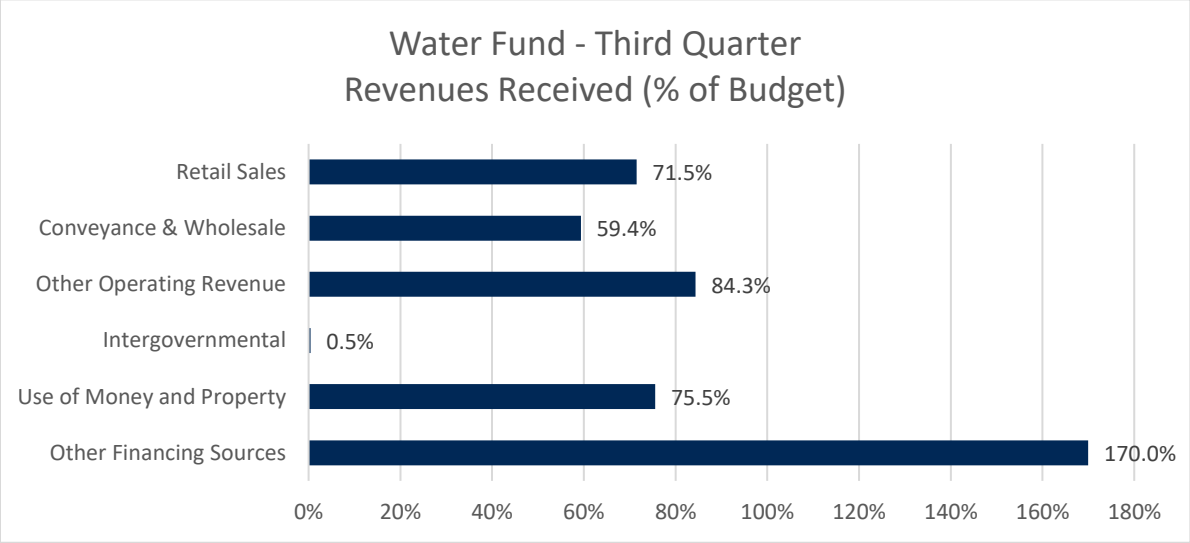
- Control Power Improvements for RERC Control House
- Multiple Substation Safety Signage
- La Colina Substation Battery and Battery Charger Upgrades
- La Colina Substation Line Relay Replacement Project
- University Substation Switchgear 3-4 Air Conditioning Upgrade
- SPCC (Spill Prevention, Control, and Countermeasure) Plan Update
- Magnolia Circuit 46, Plaza Circuit 450 4-12kV Conversion

Water Fund

The third quarter analysis of the Water Fund shows actual revenues and expenses are trending lower than anticipated. Capital projects are progressing consistently with the CIP**.**

Revenue Analysis

Overall, Water revenues are trending at 65% of total budget at March 31, 2019, which is less than anticipated primarily due to lower than expected retail sales resulting from higher than anticipated precipitation. Weather, including precipitation, can significantly impact retail revenues, which will be monitored throughout the remainder of FY 2018/19.



For each revenue category, budget-to-actual results that are lower than normally experienced at third quarter end, projected not to meet revenue forecasts, or are recommended to be adjusted are described below.

- **Retail Sales:** Projected retail sales were expected to be at 75.5% of total budget through March 2019. Actuals are lower at 71.5% of total budget due to higher than anticipated precipitation from October through March. Retail revenues can be significantly impacted

by weather, including precipitation, and will be monitored throughout the remainder of FY 2018/19.

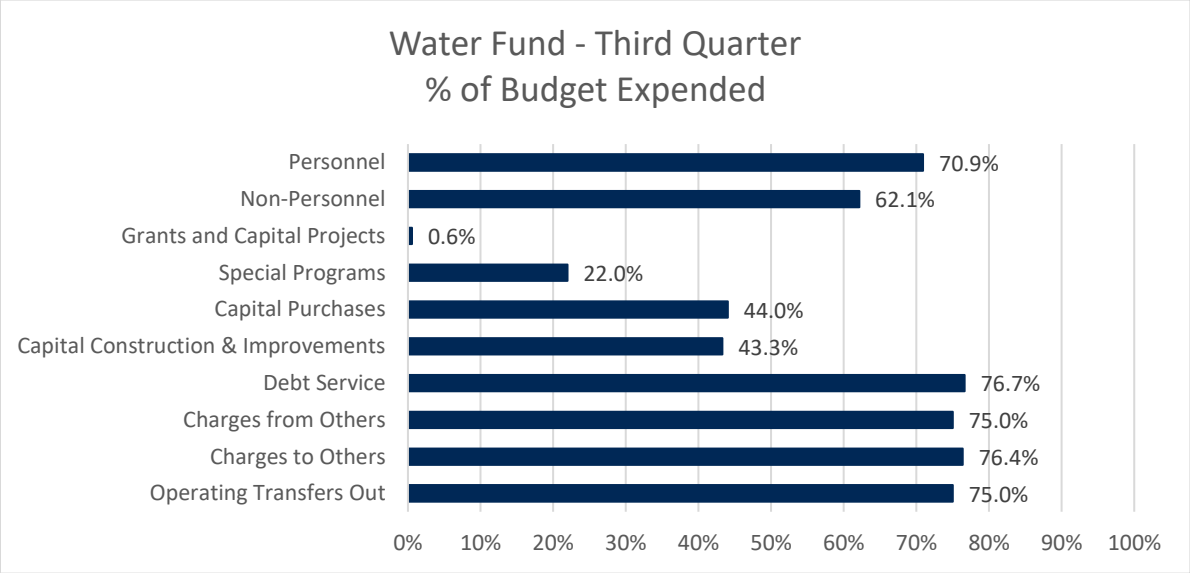
- **Conveyance and Wholesale:** Sales and deliveries to Western Municipal Water District (WMWD) have been reduced due to infrastructure repairs, upgrades by WMWD and less demand from WMWD resulting in lower revenues at 59.4% of Annual Budget.

- **Intergovernmental**: The annual budget includes grant funded projects that are either completed with no further revenue being recovered or have not yet begun.

- **Other Financing Sources:** This revenue category primarily comprises of proceeds from sale of salvage materials and damage claim recoveries, which are unpredictable and not received evenly throughout the fiscal year.

Expenditure Analysis

At March 31, 2019, Water Fund expenditures, excluding capital projects, are less than 75% of the total budget. This trend is expected to continue for the remainder of FY 2018/19.



For each expenditure category, budget-to-actual results that are higher than normally experienced at third quarter end, projected to exceed appropriations, or are recommended to be adjusted are described below.

- **Capital Construction & Improvements:** Actual capital expenditures of 43% through March 31, 2019 are on track with the CIP plan. Consistent with the Utility 2.0 initiatives, areas of focus have been on water system reliability and aging infrastructure replacement. The Water Fund spent 43% ($15.7 million) of its total CIP budget for the first nine months of the fiscal year, comprising of the various CIP categories. The Water Fund currently projects to spend an additional 18% (approximately $6.3 million) for the balance of FY 2018/19 based on the various stages of its capital projects.

- **Debt Service:** Debt service is higher than 75% at March 31, 2019 primarily due to the annual principal payments made on bonds in October 2018. Total debt service is expected to be within total budget at year-end.

Capital Projects

Installation of recycled water infrastructure benefits all of RPU customers by freeing up water supply through making recycled water available for landscaping and irrigation needs. Installation of new mains provide water to new customers and support the City's development and growth. Pipeline and distribution facilities replacements along with well rehabilitations help address aging infrastructure and improve system reliability to maintain RPU's high level of service to its customers.

Projects completed during Third Quarter of FY 2018/19:

- Completion of the Jackson Street Recycled Water Pipeline Project – Phase I
- Completion of the Magnolia Techite Pipeline Replacement Project (Pipeline only; pressure reducing station is still under construction)
- Completed 212 service lateral replacements
- Completed 20 fire hydrant replacements
- Completed 1 valve replacements
- Replaced 3 booster pumps/motors and rebuilt 4 booster pumps/motors
- Replaced 523 small meters, 8 large meters, and performed 86 large meter calibrations.

Other Funds

Although other funds are not routinely reported in quarterly financial reports, all City funds are reviewed and notable items or issues are reported. In the third quarter analysis, the following was noted:

Public Parking Fund: At the end of the third quarter, revenues are at 62.6% of budget. Parking fines are 29.4% of budget due to an unplanned Street Sweeping Sign replacement project that began in August 2018 and is ongoing. The revenue budget for Parking Fines will be reduced by a net $762,000 for FY 2018/19: Parking Fines revenue reduction of $1,471,000, partially offset by a reduction in revenue transfers to the Refuse Fund for Street Sweeping Parking Fines of $709,000. Refuse revenues are also reduced, as previously described in this report. As the signs are replaced within the service routes, parking enforcement citations will resume. Garage 7 (Fox) revenues and metered parking revenues are also expected to fall short, but revenues in other areas are expected to offset those shortfalls. The adopted budget projected a use of cash reserves of approximately $340,000; with projected expenditures savings of $653,000 offsetting some revenue reductions, the fund appears to be in line with the projection.

Interfund and Interdepartmental Transfers; Supplemental Appropriation Requests

Riverside Municipal Code Sec. 1104 requires the affirmative vote of at least five City Council members to authorize the transfer of appropriations between City funds and to authorize supplemental appropriations. Certain interfund or interdepartmental transfers are required to effectuate the intent of previous actions of the City Council, the impacts of which may not be known at the time the action is taken. Other transfers are requested by departments for operational purposes.

Although interfund transfers usually have a net-zero impact on the Citywide budget, a Transfer In is a revenue account and a Transfer Out is an expenditure account that requires an accompanying supplemental appropriation. The transfers and supplemental appropriations recommended for Council approval are summarized below; the fund and department-level details are provided in Attachment 2.

- **General Fund $3.1 Million Interfund Transfer to Grants and Restricted Programs Fund, fully offset by revenues:** As part of the General Fund restructuring outlined in the First Quarter Report, grants and restricted funds are being transferred out of the General Fund and into new or existing funds. A listing of all activity to date is provided in Attachment 2.

- **General Fund $1.1 Million Supplemental Appropriation, fully offset by revenues:** The Fire Department incurs costs when Riverside fire fighters are deployed to assist other agencies. A supplemental appropriation will align the Fire Department's Mutual Aid budget with related costs incurred to date. Since all Mutual Aid expenses are fully reimbursable, an offsetting increase to Mutual Aid estimated revenues will result in a net zero impact to the General Fund.

- **Measure Z Operating Fund $99,220 Interfund Transfer and corresponding Supplemental Appropriation:** On April 23, 2019, City Council approved a supplemental appropriation for design services for the Riverside Metropolitan Museum (Museum) using Measure Z Capital funds. However, the Measure Z Capital Fund does not earn revenues; capital projects are funded via a transfer of resources from the Measure Z Operating Fund. A transfer and corresponding supplemental appropriation of $99,220 from the Measure Z Operating Fund to the Measure Z Capital Fund is required to effectuate the capital appropriation previously approved by Council.

- **Debt Service Fund $2,000 Supplemental Appropriation:** A budgeting error was noted in which the debt service fund charged Community Service Districts for activities no longer provided. Because Charges to Others is an expenditure reimbursement account, the removal of the charge will result in an increase in appropriations for the Debt Service Fund.

- **Debt Service Fund $3.6 million Interfund Transfer and corresponding Supplemental Appropriation; General Fund $104,892 supplemental appropriation fully offset by a Transfer In; an expenditure reduction of $11,713 in the Measure Z Operating Fund:** In September 2017, the City received capital lease proceeds intended primarily for the purchase of Fire vehicles under the Measure Z Spending Plan. At June 30, 2018, a residual $3,459,823 remained in the Debt Service Fund. On April 10, 2018, Council approved the use of $104,892 of capital lease proceeds for the purchase of an aerial man-lift in the amount of $104,892, with related debt payments to be paid by the General Fund. A supplemental appropriation is required to transfer the capital lease proceeds from the Debt Service Fund to the General Fund and Measure Z Fund, and to appropriate capital lease proceeds in the General Fund for the purchase of the aerial man-lift. Measure Z debt service is reduced by the amount related to the purchase of the aerial lift.

- **Sewer Fund $2.5 Million Supplemental Appropriation:** The Wastewater Division is responsible for the collection and treatment of wastewater flows generated within the City and the communities of Jurupa, Rubidoux, Edgemont, and Highgrove. The appropriation is needed to reimburse the CSDs, as specified in our Wastewater Service Agreements, for overpayments made during fiscal years 2016/17 and 2017/18.

- **General Fund Interdepartmental Transfer:** During a cleanup and closure of project accounts, $133,000 of unexpended funds were relieved from General Fund projects and moved to a fiscal management account. Council approval of the interdepartmental transfer

of unexpended capital project funds is requested.

Summary of transfers and supplemental requests recommended for Council approval:

Fund	Revenue	Expense	Net Increase/ (Decrease)
101 - General Fund	$ (1,917,018)	$ (1,903,944)	$ (13,074)
110 - Measure Z Operating	3,459,823	(17,385)	3,477,208
215 - Grants and Restricted Programs	3,114,447	3,101,373	13,074
390 - Debt Service Fund	-	3,566,715	(3,566,715)
420 - Measure Z Capital	99,220	-	99,220
550 - Sewer Fund	-	2,500,000	(2,500,000)
Total Budget Adjustments	**$ 4,756,472**	**$ 7,246,759**	**$ (2,490,287)**

FISCAL IMPACT:

The City's General Fund is currently operating under an adopted FY 2018/19 Two-Year Budget, balanced over two fiscal years. Operating shortfalls of $15 million to $18 million are projected in FY 2020/21 through FY 2021/23, with the expectation that shortfalls will continue in future years if no mitigating actions are taken. City staff continues to meet regularly to address the impending deficit by focusing on the following items:

- strategize and identify opportunities to enhance non-tax revenues;
- improve business processes to become more efficient;
- identify and implement cost-saving measures;
- strategize the long-term management of the CalPERS Unfunded Accrued Liability (UAL); and
- discuss any and all ideas related to ensuring fiscal stability for the City of Riverside.

The Measure Z Fund is operating within the framework of the Council-approved Measure Z Spending Plan, and is fulfilling the promises made to City residents. Quarterly performance updates reported by the City Manager's Office provide residents with meaningful measures of the impact of Measure Z funding upon City services, operations, and infrastructure. It is important to note that no Measure Z funds are currently being used, nor are they planned to be used, for the long-term management of the CalPERS UAL.

The Enterprise Funds (Electric, Water, Refuse and Sewer) are all expected to remain within their amended appropriation limits. Planned operational analyses for both Refuse and Sewer will incorporate long-term financial outlooks for the respective funds. The Water and Electric funds have benefitted from rate increases implemented during the current fiscal year which have allowed RPU to move forward on major infrastructure projects. All four Enterprise Funds included in this report are expected to end the fiscal year in a positive position.

Prepared by: Kristie Thomas, Budget and Revenue Manager
Certified as to availability of funds: Edward Enriquez, Chief Financial Officer/City Treasurer
Approved by: Carlie Myers, Deputy City Manager
Approved as to form: Gary G. Geuss, City Attorney

Attachments:

1. Measure Spending and Quarterly Performance Status
2. Budget Transfers, Adjustments, and Supplemental Appropriations
3. Previously Approved Supplemental Appropriations as of the Third Quarter End
4. Presentation

Measure Z Spending Plan

Updated May 24, 2019

Item #	Funding Item	Category	Year 1 FY 2016/17 Committed [1]	Year 2 FY 2017/18 Committed [1]	Year 3 FY 2018/19 Projected	Year 4 FY 2019/20 Projected	Year 5 FY 2020/21 Projected	Year 6 FY 2021/22 Projected	Year 7 FY 2022/23 Projected	Measure Z Spending Plan (7-Year Totals)	Overview of Item
1	20% General Fund Reserve	Financial Discipline/ Responsibility	$ 5,549,224	$ 15,000,000	$ -	$ -	$ -	$ -	$ -	**$ 20,549,224**	Provide funding to increase General Fund Reserve to a Minimum of 15%, with an aspirational goal of 20%.
2	Payoff of the Balloon $32 million Pension Obligation Bond	Financial Discipline/ Responsibility	$ -	$ 1,706,290	$ 1,673,554	$ 1,674,490	$ 1,674,489	$ 1,674,478	$ 1,673,062	**$ 10,076,363**	Refinance of interest only bond anticipation note (BAN) into a fixed rate pension obligation bond (POB). The revised 10-year financing reflects approximately $40 million in total principal and interest payments. The total amounts presented are the General Fund portion only. Issued June 2017.
3	Funding for Workers Comp and General Liability	Financial Discipline/ Responsibility	$ -	$ 2,500,000	$ 2,500,000	$ -	$ -	$ -	$ -	**$ 5,000,000**	Contribution to increase Self-Insurance Reserve.
4	Measure Z Spending Contingency	Financial Discipline/ Responsibility	$ -	$ -	$ 2,000,000	$ 2,000,000	$ 2,000,000	$ 2,000,000	$ 2,000,000	**$ 10,000,000**	As a new sales tax, Measure Z revenues will take between 6-12 months take shape. Amounts can cover either an overage in expense or a decrease in revenue.
5	Additional Sworn Police Positions	Public Safety	$ -	$ 2,671,321	$ 5,672,185	$ 8,068,849	$ 9,662,335	$ 11,011,488	$ 11,592,714	**$ 48,678,892**	Year 2: Add back 17 sworn officers reduced during FY 2016-18 Two-Year Budget Year 3: Add 16 additional officers Year 4: Add 14 additional officers Year 5: Add 13 additional officers * 60 total sworn positions; all positions have an estimated 5% annual increase for salaries, benefits, etc.
6	Public Safety Non-Sworn Positions and Recruitment Costs	Public Safety	$ -	$ 450,834	$ 1,076,026	$ 1,148,157	$ 1,203,364	$ 1,237,364	$ 1,260,968	**$ 6,376,713**	Civilian: Year 2: Add back all non-sworn FY 2016-18 Two-Year Budget Reductions, including records specialist (2), sr. office specialist (2), assistant range master (0.75), sr. police records specialist (2), background investigator (1.25), custodian (1), general service worker (1), office specialist (1) * 11 total civilian (non-dispatchers); all positions have an estimated 3% annual increase for salaries, benefits, etc. Recruitment: Includes vacation bank accruals and testing/background expenditures. HR Analyst: Total salary and benefits - based on existing position. Final amounts may differ based on starting salary and CalPERS tier. Current costs anticipated 5% annual increases.
7	Police Officer Lateral Hire Incentives and Recruitment Costs	Public Safety	$ -	$ -	$ 344,360	$ 344,360	$ 344,360	$ 354,691	$ 365,332	**$ 1,753,102**	Includes hiring and retention bonuses, vacation bank accruals, and testing/background expenditures.
8	Additional Dispatchers	Public Safety	$ -	$ 254,112	$ 398,661	$ 644,859	$ 1,024,673	$ 1,064,317	$ 1,102,207	**$ 4,488,829**	Year 2: Add 3 additional dispatchers Year 3: Add 2 additional dispatchers Year 4: Add 2 additional dispatchers Year 5: Add 2 additional dispatchers * 9 total dispatchers are all net "new" positions; all positions have an estimated 5% annual increase for salaries, benefits, etc.
9	Reinstatement of Fire Squad	Public Safety	$ 448,496	$ 838,477	$ 843,730	$ 942,565	$ 1,043,233	$ 1,110,746	$ 1,142,054	**$ 6,369,301**	Approved by City Council in December 2016. Estimates include 5% annual increases (salaries, benefits, etc.).
10	Reinstatement of Captains (Training and Arson)	Public Safety	$ 1,504	$ 522,192	$ 364,762	$ 385,486	$ 399,188	$ 406,926	$ 414,448	**$ 2,494,506**	Estimates include 5% annual increases (salaries, benefits, etc.).
11	Reinstatement of Battalion Chief	Public Safety	$ -	$ 355,402	$ 262,693	$ 276,296	$ 287,301	$ 292,734	$ 297,695	**$ 1,772,121**	Estimates include 5% annual increases (salaries, benefits, etc.).

[1] Committed funds represent current year resources intended to be spent: fiscal year actuals plus unexpended funds to be carried forward for spending in the subsequent fiscal year.

Measure Z Spending Plan

Updated May 24, 2019

Item #	Funding Item	Category	Year 1 FY 2016/17 Committed [1]	Year 2 FY 2017/18 Committed [1]	Year 3 FY 2018/19 Projected	Year 4 FY 2019/20 Projected	Year 5 FY 2020/21 Projected	Year 6 FY 2021/22 Projected	Year 7 FY 2022/23 Projected	Measure Z Spending Plan (7-Year Totals)	Overview of Item
12	Revised PD Vehicle Replacement and Maintenance Plan	Public Safety	$ -	$ 2,147,576	$ 2,055,119	$ 2,096,221	$ 2,138,146	$ 2,180,909	$ 2,224,527	**$ 12,842,498**	Annual allocation toward the replacement of Police vehicles.
12a	Police Fixed Wing Aircraft	Public Safety	$ -	$ 382,870						**$ 382,870**	Allocation from PD Vehicle Replacement and Maintenance Plan toward the purchase of a fixed-wing aircraft, approved by City Council on October 17, 2017.
13	Refurbish PD Vehicle (Pilot Program)	Public Safety	$ -	$ 50,000	$ -	$ -	$ -	$ -	$ -	**$ 50,000**	$25,000 per vehicle - 2 vehicle pilot program.
14	Revised Fire Vehicle Replacement and Maintenance Plan	Public Safety	$ -	$ 823,208	$ 1,967,578	$ 3,376,252	$ 3,725,105	$ 3,445,525	$ 2,366,452	**$ 15,704,120**	One-time replacement of 16 vehicles; 10-year financing ($13.7 million). Additional layering in of vehicle replacement for remainder of vehicles.
15	Fleet Facility Capital Repairs Needed	Public Safety	$ -	$ 100,000	$ -	$ -	$ -	$ -	$ -	**$ 100,000**	Facility improvements to doors, lifts and drive approach.
16	Additional Fleet Mechanics for Police Department (2)	Public Safety	$ -	$ 179,543	$ 198,177	$ 218,153	$ 227,692	$ 230,489	$ 232,198	**$ 1,286,252**	Total salary and benefits - based on existing position. Final amounts may differ based on starting salary and CalPERS tier. Current costs anticipated 5% annual increases for first 5-years with 2% increases thereafter.
17	Additional Fleet Mechanics for Fire Department (2)	Public Safety	$ -	$ 181,062	$ 207,017	$ 228,155	$ 241,183	$ 244,272	$ 246,203	**$ 1,347,892**	Total salary and benefits - based on existing position. Final amounts may differ based on starting salary and CalPERS tier. Current costs anticipated 5% annual increases for first 5-years with 2% increases thereafter.
18	General Fund Support	Critical Operating Needs	$ 3,939,526	$ 5,482,007	$ 13,238,623	$ 18,266,026	$ 11,734,277	$ 12,086,305	$ 12,448,894	**$ 77,195,658**	FY 2016/17 through FY 2020/21 approved by City Council on May 16, 2017, based on the FY 2016/17 2nd Qtr General Fund Operating Deficit estimates. Based on 5-Year Model and largely associated with union contracts and a slowing of revenue growth. Model assumes no-raises for SEIU in Year 5. FY 2021/22 through FY 2022/23 based on 3% annual increases over the prior fiscal year; published in the FY 2018-2020 Biennial Budget.
19	General Plan Update (Includes Zoning Code Changes)	Critical Operating Needs	$ -	$ 2,000,000	$ 1,500,000	$ 1,500,000	$ -	$ -	$ -	**$ 5,000,000**	Over the past 20 years, the City's regulatory environment for development has become burdensome. In order to make an investment in the future of Riverside, funding is needed for a General Plan Update, including zoning code, in the near future.
20	Homeless Services	Critical Operating Needs	$ -	$ 500,000	$ 500,000	$ 500,000	$ 500,000	$ 500,000	$ 500,000	**$ 3,000,000**	BEC recommended to add $500,000 per year for Homeless Services. A comprehensive plan will return to the City Council for approval at a later date.
21	Principal Analyst - City Manager's Office	Critical Operating Needs	$ -	$ 108,724	$ 144,623	$ 161,100	$ 177,241	$ 191,202	$ 203,571	**$ 986,461**	Fully burdened cost of a Principal Management Analyst position in the City Manager's Office to support critical administrative functions.
22	Budget Engagement Commission Support	Critical Operating Needs	$ 4,311	$ 10,280	$ 27,000	$ 27,000	$ 27,000	$ 28,000	$ 28,000	**$ 151,591**	Supplies, printing and mailing, video and security staff.
23	New Downtown Main Library	Facility Capital Needs	$ 8,479	$ 2,188,751	$ 2,204,500	$ 3,819,500	$ 3,816,825	$ 3,817,954	$ 3,817,954	**$ 19,673,963**	Estimated cost of debt service to fund the construction of a new library based on anticipated debt issuance of $40 million. City Council approved a swap of Main Library and Police headquarters funding of approx. $10 million on October 3, 2017
23a	New Downtown Main Library - Archives	Facility Capital Needs	$ -	$ 1,000,000	$ 1,000,000	$ 1,300,000	$ -	$ -	$ -	**$ 3,300,000**	On December 19, 2017, the City Council approved a redirection of Contingency Funds for FY 2017/18 and FY 2018/19 for Archives for the New Main Library (Item 4).

[1] Committed funds represent current year resources intended to be spent: fiscal year actuals plus unexpended funds to be carried forward for spending in the subsequent fiscal year.

Measure Z Spending Plan

Updated May 24, 2019

Item #	Funding Item	Category	Year 1 FY 2016/17 Committed [1]	Year 2 FY 2017/18 Committed [1]	Year 3 FY 2018/19 Projected	Year 4 FY 2019/20 Projected	Year 5 FY 2020/21 Projected	Year 6 FY 2021/22 Projected	Year 7 FY 2022/23 Projected	Measure Z Spending Plan (7-Year Totals)	Overview of Item
24	Eastside Library Site Selection	Facility Capital Needs	$ -	$ 100,000		$ -	$ -	$ -	$ -	**$ 100,000**	6-month community outreach project to find a replacement site for the Eastside Library.
25	New Police Headquarters	Facility Capital Needs	$ -	$ -	$ -	$ 2,132,000	$ 3,652,000	$ 3,649,954	$ 3,649,954	**$ 13,083,908**	Estimated cost of debt service to fund the construction of Police headquarters based on anticipated debt issuance of $35 million. City Council approved a swap of Main Library and Police headquarters funding of approx. $10 million on October 3, 2017.
26	Museum Expansion and Rehab	Facility Capital Needs	$ -	$ -	$ 99,220	$ -	$ 807,550	$ 1,533,265	$ 1,533,265	**$ 3,973,300**	Estimated cost of debt service to fund the Museum expansion and rehabilitation based on anticipated debt issuance of $13.7 million. On December 19, 2019, the City Council approved a reduction in the estimated costs for the project of $1.3 million to fund the Main Library Archives (Item 23a), reducing funding for this item from $15 million to $13.7 million. FY 2019/20 supplemental appropriation for Phase 1 design services approved by City Council on April 23, 2019.
27	Downtown Parking Garage	Facility Capital Needs	$ -	$ -	$ -	$ -	$ 807,550	$ 1,533,265	$ 1,533,267	**$ 3,874,082**	Estimated cost of debt service to fund the parking garage expansion and rehabilitation based on anticipated debt issuance of $15 million.
28	Annual Deferred Maintenance (Existing Facilities) - Partial Funding	Facility Capital Needs	$ -	$ 1,000,000	$ 1,000,000	$ 1,000,000	$ 1,000,000	$ 1,000,000	$ 1,000,000	**$ 6,000,000**	Funding to address deferred maintenance on many City facilities.
29	Maximize Roads/Streets (Pavement Condition Index)	Quality of Life	$ -	$ 2,875,000	$ 7,875,000	$ 4,375,000	$ 4,375,000	$ 4,375,000	$ 4,375,000	**$ 28,250,000**	After the Pavement Condition Index survey is completed, Public Works will return to the City Council with a comprehensive plan for street/road/side rehabilitation. On April 23, 2019, the City Council approved an additional annual allocation of $1.5 million in funding for FY 2018/19 through FY 2022/23. On May 14, 2019, the City Council approved an additional annual allocation of $3.5 million in funding for FY 2019/20 through FY 2022/23.
30	Tree Trimming	Quality of Life	$ -	$ 1,023,600	$ 1,000,000	$ 1,000,000	$ 1,000,000	$ 1,000,000	$ 1,000,000	**$ 6,023,600**	Increase tree-trimming and reduce grid cycle period.
31	Ward Action Team - Deputy City Attorney II (City Attorney's Office)	Quality of Life	$ 21,907	$ 173,578	$ 257,082	$ 282,065	$ 303,921	$ 324,298	$ 342,186	**$ 1,705,037**	Staff dedicated to addressing the most pressing quality of life concerns in each ward of the City.
32	Ward Action Team - City Manager's Office	Quality of Life	$ -	$ -	$ 129,046	$ 142,883	$ 155,001	$ 165,861	$ 175,265	**$ 768,056**	Staff dedicated to addressing the most pressing quality of life concerns in each ward of the City.
33	Technology Improvements	Technology	$ -	$ 2,000,000	$ 2,000,000	$ 2,000,000	$ 2,000,000	$ 1,000,000	$ 1,000,000	**$ 10,000,000**	Includes funding for future technology projects and needs based on Citywide audit programs and other assessments. Funding may be used for hardware, new software, and cybersecurity. Technology spending plan approved by City Council on October 17, 2017.
34	4-Person Staffing on Fire Trucks	Public Safety	$ -	$ -	$ 263,821	$ 1,069,497	$ 1,122,355	$ 1,174,120	$ 1,218,930	**$ 4,848,723**	Hire 6 firefighters to bring staffing levels on fire trucks to 4 firefighters each for all shifts: 3 firefighters to be hired January 2019; 3 firefighters to be hired July 2020.
35	Fire Equipment and One-Time Operating Needs	Public Safety	$ -	$ -	$ 250,000	$ -	$ -	$ -	$ -	**$ 250,000**	Miscellaneous equipment and operating needs of Fire Department, including firefighter turnouts and HazMat monitors.
36	Contingency - Fire Radios	Public Safety	$ -	$ -	$ 2,500,000	$ -	$ -	$ -	$ -	**$ 2,500,000**	Replacement of outdated Fire radios.
37	Recreation - Summer Pools	Public Safety	$ -	$ -	$ 50,000	$ 50,000	$ -	$ -	$ -	**$ 100,000**	Funding for 2 years only to maintain service levels at City swimming pools; staff will seek sponsorships for future funding.

[1] Committed funds represent current year resources intended to be spent: fiscal year actuals plus unexpended funds to be carried forward for spending in the subsequent fiscal year.

Measure Z Spending Plan

Updated May 24, 2019

Item #	Funding Item	Category	Year 1 FY 2016/17 Committed [1]	Year 2 FY 2017/18 Committed [1]	Year 3 FY 2018/19 Projected	Year 4 FY 2019/20 Projected	Year 5 FY 2020/21 Projected	Year 6 FY 2021/22 Projected	Year 7 FY 2022/23 Projected	Measure Z Spending Plan (7-Year Totals)	Overview of Item
38	Arlington Youth Innovation Center Furniture, Fixtures & Equipment	Public Safety	$ -	$ -	$ 600,000	$ -	$ -	$ -	$ -	**$ 600,000**	One-time allocation of funding to provide furniture, fixtures and equipment to the new Arlington Youth Innovation Center.
39	Public Safety and Engagement Team Program				$ 3,451,126					**$ 3,451,126**	On April 2, 2019, the City Council approved a one-year allocation of funding to address homelessness and its impact on quality of life in the City.
Total Expenditures			**$ 9,973,447**	**$ 46,624,826**	**$ 57,653,903**	**$ 59,028,914**	**$ 55,449,789**	**$ 57,633,163**	**$ 57,744,146**	**$ 344,108,187**	
Projected Revenue			**$ 12,606,428**	**$ 56,222,806**	**$ 58,000,000**	**$ 58,580,000**	**$ 59,165,800**	**$ 59,757,458**	**$ 60,355,033**	**$ 364,687,525**	Revenue projections are under review and may be recommended for adjustment in the FY 2018/19 Third Quarter Financial Report and FY 2019/20 Mid-cycle budget update.
Surplus/(Deficit)			**$ 2,632,981**	**$ 9,597,980**	**$ 346,097**	**$ (448,914)**	**$ 3,716,011**	**$ 2,124,295**	**$ 2,610,887**	**$ 20,579,337**	
Reserve			**$ -**	**$ -**	**$ 5,000,000**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 5,000,000**	$5 million contingency reserve policy adopted by City Council on April 2, 2019.
Projected Fund Reserves			**$ 2,632,981**	**$ 12,230,961**	**$ 7,577,058**	**$ 7,128,144**	**$ 10,844,155**	**$ 12,968,450**	**$ 15,579,337**	**$ 15,579,337**	

[1] Committed funds represent current year resources intended to be spent: fiscal year actuals plus unexpended funds to be carried forward for spending in the subsequent fiscal year.

Measure Z
FY 2018/19 Third Quarter Financial Update

	Spending Item	Adopted Budget	Carried Forward	Total Budget	FY 2018/19 Spending
Financial Discipline/ Responsibility					
2	Payoff of the Balloon $32 million Pension Obligation Bond	$ 1,673,554	$ -	$ 1,673,554	$ 836,777
3	Funding for Workers Comp and General Liability	2,500,000	-	2,500,000	1,875,000
4	Measure Z Spending Contingency	2,000,000	-	2,000,000	-
Total Financial Discipline/ Responsibility		**6,173,554**	**-**	**6,173,554**	**2,711,777**
Public Safety					
5	Additional Sworn Police Positions	5,672,185	-	5,672,185	3,738,163
6	Public Safety Non-Sworn Positions and Recruitment Costs	1,076,026	-	1,076,026	574,056
7	Police Officer Lateral Hire Incentives and Recruitment Costs	344,360	-	344,360	20,389
8	Additional Dispatchers	398,661	-	398,661	326,644
9	Reinstatement of Fire Squad	843,730	-	843,730	675,472
10	Reinstatement of Captains (Training and Arson)	364,762	-	364,762	412,359
11	Reinstatement of Battalion Chief	262,693	-	262,693	265,954
12	Revised PD Vehicle Replacement and Maintenance Plan	2,055,119	96,365	2,151,484	638,204
14	Revised Fire Vehicle Replacement and Maintenance Plan	1,967,578	-	1,967,578	1,202,661
16	Additional Fleet Mechanics for Police Department (2)	198,177	-	198,177	144,447
17	Additional Fleet Mechanics for Fire Department (2)	207,017	-	207,017	153,872
34	4-Person Staffing on Fire Trucks	263,821	-	263,821	80,811
35	Fire Equipment and One-Time Operating Needs	250,000	-	250,000	13,716
36	Contingency - Fire Radios	2,500,000	-	2,500,000	-
37	Recreation - Summer Pools	50,000	-	50,000	37,500
38	Arlington Youth Innovation Center Furniture, Fixtures & Equip.	600,000	-	600,000	-
Total Public Safety		**17,054,129**	**96,365**	**17,150,494**	**8,284,248**
Critical Operating Needs					
18	Funding Gap - Existing Services	13,238,623	-	13,238,623	9,928,967
19	General Plan Update	1,500,000	2,000,000	3,500,000	-
20	Homeless Services	500,000	491,225	991,225	61,070
21	Principal Analyst - City Manager's Office	144,623	-	144,623	108,382
22	Budget Engagement Commission Support	27,000	-	27,000	1,695
Total Critical Operating Needs		**15,410,246**	**2,491,225**	**17,901,471**	**10,100,114**
Facility Capital Needs					
23	New Downtown Main Library	2,204,500	1,647,611	3,852,111	-
23a	New Downtown Main Library - Archives	1,000,000	-	1,000,000	-
24	Eastside Library Site Selection	-	100,000	100,000	-
25	New Police Headquarters	-	-	-	-
26	Museum Expansion and Rehab	-	-	-	-
27	Downtown Parking Garage	-	-	-	-
28	Annual Deferred Maintenance	1,000,000	541,790	1,541,790	447,311
Total Facility Capital Needs		**4,204,500**	**2,289,401**	**6,493,901**	**447,311**
Quality of Life					
29	Maximize Roads/Streets (Pavement Condition Index)	2,875,000	2,816,518	5,691,518	276,655
30	Tree Trimming	1,000,000	908,793	1,908,793	508,809
31	Ward Action Team - City Attorney's Office	257,082	-	257,082	187,323
32	Ward Action Team - City Manager's Office	129,046	-	129,046	-
Total Quality of Life		**4,261,128**	**3,725,311**	**7,986,439**	**972,787**
Technology					
33	Technology Improvements	2,000,000	1,887,712	3,887,712	352,802
Total Technology		**2,000,000**	**1,887,712**	**3,887,712**	**352,802**
	Expenditures	**$ 49,103,557**	**$ 10,490,014**	**$ 59,593,571**	**$ 22,869,039**

Spending Funded by Debt **Related Spending Item**				**Debt Proceeds**	**FY 2018/19 Spending**
Other expenditures funded by debt paid for by Measure Z, referencing the related Spending Item					
14	Revised Fire Vehicle Replacement and Maintenance Plan			14,500,000	726,704
23	New Downtown Main Library			40,000,000	257,850
Total Spending Funded by Debt				**54,500,000**	**984,554**

Grand Total - Measure Z Expenditures	**$ 49,103,557**	**$ 10,490,014**	**$114,093,571**	**$ 23,853,593**

MEASURE Z

FINANCIAL DISCIPLINE/RESPONSIBILITY

20% General Fund Reserve
Reserves currently at 19%

50% Self-Insurance Fund Reserves
On-Track for FY 20/21

$2 Million Contingency Funds
Intact; no current plan to spend

Payoff Pension Obligation Bond
Annual payments occurring as scheduled

QUALITY OF LIFE

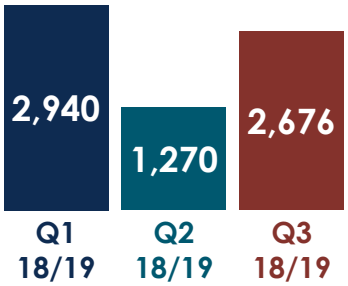
Maximize Roads / Streets (Pavement Condition Index - PCI)
City's PCI: 61/100; Projects approved by Council on 9/11/18; Next PCI study anticipated in FY 19/20

Arterial and Minor Streets Maintenance
Construction began in December 2018; Estimated completion in May 2019

Selkirk Avenue Sidewalks
Construction completed; Improvements included sidewalk widening and new concrete curb and gutter

JoJo Way Sidewalk
Construction has begun and is scheduled for completion in June 2019

Tree Trimming



Last Season: Recreation - Summer Pools

22 Additional Swim Sessions

8,335 Guests Served

Pools will re-open in May 2019

Ward Action Team - Deputy City Attorney II

1 marijuana dispensary closed;
144 active assignments related to quality of life issues

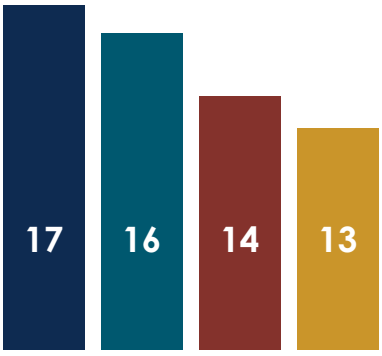
Ward Action Team - City Manager's Office

Vacant; internal assessment of position is being conducted.

Arlington Youth Innovation Center Furniture, Fixtures, Equipment
YIC is still under construction; Estimated completion date has been delayed to September 2019 due to heavy rainfall; Funding will be utilized in Summer 2019

PUBLIC SAFETY

60 Additional Sworn Police Positions



30 Hired to Date

RPD Vehicle Replacement & Maintenance

51 Vehicles Purchased

28 vehicles and
5 motorcycles in service

1 Fixed-Wing Airplane

COMPLETED

8 Additional Dispatcher Positions

3 Hired to Date

17 Fire Vehicles Ordered

4 vehicles in-service

Measure Z Fire Apparatus Ribbon Cutting Ceremony was held on March 28, 2019

6 Additional Firefighters

3 Hired to Date

Fire Radios

Completed: 190 radios purchased and in service

Fire Equipment

Purchase in process for firefighter turnouts and HazMat monitors

Ongoing items are on-track:

Police Officer Lateral Hire Incentives and Recruitment Costs

TECHNOLOGY

Technology Improvements Underway

- RFPs issued for Network Refresh Project
- Microsoft 365 Implementation
- Replacement of defective cameras

Technology Improvements Completed

- Increased City's Datacenter capacity
- Purchase of Dell PowerEdge Servers
- Installation of wireless radios at Doty Trust Park
- Vendor remote access solution replacement
- Online technology subscription and training for staff

FACILITY CAPITAL NEEDS

New Downtown Main Library & Archives

Spring 2020

Ground breaking ceremony held and construction began in March 2019; Opening anticipated in Spring 2020.

Museum Expansion and Rehabilitation

Architectural firm bids received; Scheduled to go to City Council for approval in Quarter 4

Eastside Library Site Selection

City Council approved Bobby Bonds Park for the new library; Unexpended Measure Z funds from site selection have been reallocated to architectural services

New Police Headquarters

Site options being considered; Processing RFP for building consultant

Downtown Parking Garage

Project is in conceptual stage.

Annual Deferred Maintenance (Existing Facilities)

- Q3 improvements are underway at various City facilities: new carpet, painting, window improvements, HVAC repair and replacement, LED lighting, security upgrades

Completed

- Installed new HVAC units at Fire Stations 7 & 10 and Lincoln Police Station
- New Sump Pump at City Hall
- LED Lighting at City Hall and City Corporation Yard parking lots.
- Complete electrical upgrades to Riverside Municipal Auditorium.
- Expanded Facility Condition Assessment.

CRITICAL UNFUNDED NEEDS

General Plan Update

Consultant hired to prepare RFP; Completion of RFP scheduled for completion in Quarter 4 and issued in Summer 2019

Homeless Services

Grove Tiny House Project
All tenants moved in during Quarter 3

RFP for additional Outreach and Case Management staff will be issued in Quarter 4

Staff received training for "Outreach and Informed Care Trauma" and "Motivational Interviewing"

Ongoing items are on-track:

- Funding Gap
- Budget Engagement Commission Support

COMPLETED

- Reinstatement of Fire Squad
- Reinstatement of Captains (Training and Arson)
- Reinstatement of Battalion Chief
- Public Safety Non-Sworn Position and Recruitment Costs
- Refurbish PD Vehicle (Pilot Program)
- Fleet Facility Capital Repairs Needed
- Additional Fleet Mechanics for Police Department (2)
- Additional Fleet Mechanics for Fire Department (2)
- Principal Management Analyst - City Manager's Office

Budget Transfers, Adjustments, and Supplemental Appropriation Requests
Fiscal Year 2018/19 Third Quarter Financial Report Requests for Council Approval

Fund		Department/Account		Revenue	Expense	Increase (Decrease) in Reserves
Interfund Transfer: General Fund (101) to Grants and Restricted Programs Fund (215)						
General Fund restructuring was approved by Council in concept on January 22, 2019 in First Quarter report, with subsequent disclosure as to exact transactions in subsequent quarterly reports. The following summary by fund and department lists transfer of revenues and expenditures related to grants and restricted funds from the General Fund to the Grants and Restricted Programs Fund.						
101	General Fund	00	Balance Sheet / Revenue	(563,750)	-	(563,750)
101	General Fund	22	General Services	-	-	-
101	General Fund	31	Police	(1,584,302)	(1,517,640)	(66,663)
101	General Fund	35	Fire	(788,835)	(1,406,173)	617,339
101	General Fund	41	Public Works	-	-	-
101	General Fund	52	Parks, Recreation & Comm Svcs	(177,560)	(177,560)	-
	General Fund Impact			**(3,114,447)**	**(3,101,373)**	**(13,074)**
215	Grants and Restricted Programs	00	Balance Sheet / Revenue	563,750	-	563,750
215	Grants and Restricted Programs	22	General Services	-	-	-
215	Grants and Restricted Programs	31	Police	1,584,302	1,517,640	66,663
215	Grants and Restricted Programs	35	Fire	788,835	1,406,173	(617,339)
215	Grants and Restricted Programs	41	Public Works	-	-	-
215	Grants and Restricted Programs	52	Parks, Recreation & Comm Svcs	177,560	177,560	-
	Grants and Restricted Programs Fund Impact			**3,114,447**	**3,101,373**	**13,074**
Total Impact of Budget Adjustment				**-**	**-**	**-**
General Fund $1.1 Million Supplemental Appropriation: The Fire Department incurs costs when Riverside fire fighters are deployed to assist other agencies. A supplemental appropriation will align the Fire Department's Mutual Aid budget with related costs incurred to date. Since all Mutual Aid expenses are fully reimbursable, an offsetting increase to Mutual Aid estimated revenues will result in a net zero impact to the General Fund.						
101	General Fund	35	Fire / Mutual Aid	1,100,000	1,100,000	-
Total Impact of Budget Adjustment				**1,100,000**	**1,100,000**	**-**

Budget Transfers, Adjustments, and Supplemental Appropriation Requests
Fiscal Year 2018/19 Third Quarter Financial Report Requests for Council Approval

Fund		Department/Account		Revenue	Expense	Increase (Decrease) in Reserves
Measure Z Operating Fund $99,220 Supplemental Appropriation and Interfund Transfer: On April 23, 2019, City Council approved a supplemental appropriation for design services for the Riverside Metropolitan Museum (Museum) using Measure Z Capital funds. However, the Measure Z Capital Fund does not earn revenues; capital projects are funded via a transfer of resources from the Measure Z Operating Fund. A transfer and corresponding supplemental appropriation of $99,220 from the Measure Z Operating Fund to the Measure Z Capital Fund is required to effectuate the capital appropriation previously approved by Council.						
110	Measure Z Operating	00	Operating Transfer to Fund 420	-	99,220	(99,220)
420	Measure Z Capital	00	Operating Transfer from Fund 110	99,220	-	99,220
Total Impact of Budget Adjustment				**99,220**	**99,220**	**-**
Debt Service Fund $2,000 Supplemental Appropriation: A budgeting error was noted in which the debt service fund charged Community Service Districts for activities no longer provided. Because Charges to Others is an expenditure reimbursement account, the removal of the charge will result in an increase in appropriations for the Debt Service Fund.						
390	Debt Service Fund	00	Charges to Others	-	2,000	(2,000)
Total Impact of Budget Adjustment				**-**	**2,000**	**(2,000)**
Debt Service Fund $3.6 million and General Fund $104,892 Supplemental Appropriation: In September 2017, the City received capital lease proceeds intended primarily for the purchase of Fire vehicles under the Measure Z Spending Plan. At June 30, 2018, a residual $3,459,823 remained in the Debt Service Fund. On April 10, 2018, Council approved the use of $104,892 of capital lease proceeds for the purchase of an aerial man-lift in the amount of $104,892, with related debt payments to be paid by the General Fund. A supplemental appropriation is required to transfer the capital lease proceeds from the Debt Service Fund to the General Fund and Measure Z Fund, and to appropriate capital lease proceeds for the purchase of the aerial man-lift.						
101	General Fund	00	Operating Transfer from Fund 390	104,892	-	104,892
101	General Fund	41	Public Works / Automotive Equipment		104,892	(104,892)
	General Fund Impact			**104,892**	**104,892**	**-**
110	Measure Z Fund	00	Operating Transfer from Fund 390	3,459,823	-	3,459,823
110	Measure Z Fund	00	Utilization Charges from Fund 390	-	(11,713)	11,713
110	Measure Z Fund	35	Fire / Vehicle Replacement	-	(104,892)	104,892
	Measure Z Fund Impact			**3,459,823**	**(116,605)**	**3,576,428**
390	Debt Service Fund	00	Operating Transfer to Fund 101	-	104,892	(104,892)
390	Debt Service Fund	00	Operating Transfer to Fund 110	-	3,459,823	(3,459,823)
	Debt Service Fund Impact			**-**	**3,564,715**	**(3,564,715)**
Total Impact of Budget Adjustment				**3,564,715**	**3,553,002**	**11,713**

Budget Transfers, Adjustments, and Supplemental Appropriation Requests
Fiscal Year 2018/19 Third Quarter Financial Report Requests for Council Approval

Fund		Department/Account		Revenue	Expense	Increase (Decrease) in Reserves
Sewer Fund $2.5 Million Supplemental Appropriation: The Wastewater Division is responsible for the collection and treatment of wastewater flows generated within the City and the communities of Jurupa, Rubidoux, Edgemont, and Highgrove. The appropriation is needed to reimburse the CSDs, as specified in our Wastewater Service Agreements, for overpayments made during fiscal years 2016/17 and 2017/18.						
550	Sewer Fund	41	Public Works / Contract Compliance	-	2,500,000	(2,500,000)
Total Impact of Budget Adjustment				**-**	**2,500,000**	**(2,500,000)**
General Fund Interdepartmental Transfer: During a cleanup and closure of project accounts, unexpended funds were relieved from General Fund projects and moved to a fiscal management account. Council approval of the interdepartmental transfer of unexpended capital project funds is requested.						
101	General Fund	52	Parks, Recreation & Comm Svcs / Park Land Acquisition Project	(7,463)	(40,315)	32,852
101	General Fund	28	Community & Economic Development / GIS/Prop Mgmt Software	-	(100,000)	100,000
101	General Fund	72	Non-departmental / Fiscal Management	-	32,852	(32,852)
101	General Fund	72	Non-departmental / Fiscal Management	-	100,000	(100,000)
		Non-Departmental Total		**-**	**132,852**	**(132,852)**
Total Impact of Budget Adjustment				**(7,463)**	**(7,463)**	**-**

Summary by Fund of Budget Adjustments				
101	General Fund	(1,917,018)	(1,903,944)	(13,074)
110	Measure Z Operating	3,459,823	(17,385)	3,477,208
215	Grants and Restricted Programs	3,114,447	3,101,373	13,074
390	Debt Service Fund	-	3,566,715	(3,566,715)
420	Measure Z Capital	99,220	-	99,220
550	Sewer Fund	-	2,500,000	(2,500,000)
Total Impact of Budget Adjustments		**4,756,472**	**7,246,759**	**(2,490,287)**

Previously Approved Supplemental Appropriations Fiscal Year 2018/19 (Quarter 1 to Quarter 3)					
Fund	**Description**	**Approval Date**	**Revenue**	**Expense**	**Increase (Decrease) in Reserves**
101	**General Fund**				
	City Attorney's Office Tenant Improvements	01/08/19	135,651	135,651	-
	Parks & Recreation Vending Machine Revenues	10/23/18	3,303	3,303	-
	Police Dept Corona Helicopter Agreement	07/10/18	100,000	100,000	-
	Library Internet Services - Califa Agreement	07/24/18	150,000	150,000	-
	Aquatics Program reimbursement, Red Cross & swim fees	03/12/19	21,120	21,120	-
	Additional Appropriations Approved by City Council		**410,074**	**410,074**	**-**
	Additional Appropriations from Donations		**457,877**	**457,877**	**-**
	Additional Appropriations from Grants		**279,237**	**279,237**	**-**
General Fund Total			**1,147,187**	**1,147,187**	**-**
205	**UASI**				
	Additional Appropriations from Grants		**2,481,000**	**2,481,000**	**-**
UASI Fund Total			**2,481,000**	**2,481,000**	**-**
215	**Grants and Restricted Programs Fund**				
	Downtown Safety Ambassador Program	07/11/17	50,000	50,000	-
	Post-Release Accountability and Compliance Team (PACT)	11/13/18	215,000	215,000	-
	Additional Appropriations Approved by City Council		**265,000**	**265,000**	**-**
	Additional Appropriations from Grants		**14,192,316**	**14,192,316**	**-**
Grants and Restricted Programs Fund Total			**14,457,316**	**14,457,316**	**-**

Previously Approved Supplemental Appropriations
Fiscal Year 2018/19 (Quarter 1 to Quarter 3)

Fund	Description	Approval Date	Revenue	Expense	Increase (Decrease) in Reserves
223	**Development Grants Fund**				
	Additional Appropriations from Grants		**1,321,526**	**1,321,526**	**-**
Development Grants Fund Total			**1,321,526**	**1,321,526**	**-**
240	**Air Quality Improvement Fund**				
	Bus Pass Program Replenishment	09/22/09	-	210,576	(210,576)
	Additional Appropriations Approved by City Council		**-**	**210,576**	**(210,576)**
Air Quality Improvement Fund Total			**-**	**210,576**	**(210,576)**
280	**Housing Authority Fund**				
	Riverside Cedar Glenn II Project	07/02/18	-	600,000	(600,000)
	Additional Appropriations Approved by City Council		**-**	**600,000**	**(600,000)**
Housing Authority Fund Total			**-**	**600,000**	**(600,000)**
390	**General Debt Service Fund**				
	Transfer Capital Lease Proeceeds to Measure Z Fund	04/10/19	-	3,564,715	(3,564,715)
	Additional Appropriations Approved by City Council		**-**	**3,564,715**	**(3,564,715)**
General Debt Service Fund Total			**-**	**3,564,715**	**(3,564,715)**
401	**Capital Outlay Fund**				
	Operating transfer to General Fund to return unexpended FY 2017/18 funds not approved to be carried over.	01/22/19		204,200	(204,200)
	GIS Project	01/08/19	2,032,610	2,032,610	-
	Additional Appropriations Approved by City Council		**2,032,610**	**2,236,810**	**(204,200)**
Capital Outlay Fund Total			**2,032,610**	**2,236,810**	**(204,200)**
413	**Regional Park Special Capital Improvements Fund**				
	San Andreas Avenue Drainage and Site Improvements	10/16/18	-	300,000	(300,000)
	Additional Appropriations Approved by City Council		**-**	**300,000**	**(300,000)**
Regional Park Special Capital Improvements Fund Total			**-**	**300,000**	**(300,000)**

Previously Approved Supplemental Appropriations
Fiscal Year 2018/19 (Quarter 1 to Quarter 3)

Fund	Description	Approval Date	Revenue	Expense	Increase (Decrease) in Reserves
420	**Measure Z - Capital Projects Fund**				
	Transfer revenues and budgeted appropriations from Measure Z Operating funds into a Measure Z capital project account.	03/26/19	88,020	88,020	-
	Additional Appropriations Approved by City Council		**88,020**	**88,020**	**-**
	Measure Z - Capital Projects Fund Total		**88,020**	**88,020**	**-**
430	**Capital Outlay - Grants Fund**				
	Additional Appropriations from Grants		**350,000**	**350,000**	**-**
	Capital Outlay - Grants Fund Total		**350,000**	**350,000**	**-**
434	**Transportation Uniform Mitigation Fee Fund**				
	3rd Street Grade Separation	07/24/18	4,000,000	4,000,000	-
	Iowa Avenue Widening	02/05/19	80,000	80,000	-
	Van Buren Boulevard Widening	02/05/19	160,000	160,000	-
	Additional Appropriations Approved by City Council		**4,240,000**	**4,240,000**	**-**
	Transportation Uniform Mitigation Fee Fund Total		**4,240,000**	**4,240,000**	**-**
510	**Electric Fund**				
	Mission Square cooling Towers	08/28/18	-	400,000	(400,000)
	Additional Appropriations Approved by City Council		**-**	**400,000**	**(400,000)**
	Electric Fund Total		**-**	**400,000**	**(400,000)**
530	**Airport Fund**				
	Terminal Patio Deck	02/26/19	-	33,274	(33,274)
	CCTV Upgrade	03/12/19	71,880	71,880	-
	Emergency and Facility Maintenance	03/12/19	106,300	106,300	-
	FAA Grant Compliance	03/12/19	40,827	40,827	-
	Additional Appropriations Approved by City Council		**219,007**	**252,281**	**(33,274)**
	Airport Fund Total		**219,007**	**252,281**	**(33,274)**

Previously Approved Supplemental Appropriations
Fiscal Year 2018/19 (Quarter 1 to Quarter 3)

Fund	Description	Approval Date	Revenue	Expense	Increase (Decrease) in Reserves
581	**Entertainment Fund**				
	The Box - Marketing plan development and implementation	02/26/19	-	25,000	(25,000)
	Additional Appropriations Approved by City Council		**-**	**25,000**	**(25,000)**
Entertainment Fund Total			**-**	**25,000**	**(25,000)**
Year-To-Date Total (All Funds)			**26,336,666**	**31,674,432**	**(5,337,765)**

FY 2018-2020 TWO-YEAR BUDGET: FY 2018/19 THIRD QUARTER UPDATE

Finance, Public Works, & Public Utilities Departments

City Council
June 18, 2019

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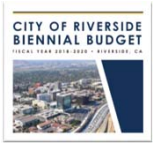
BACKGROUND



June 2018
Budget Adopted by City Council

December 2018
Carryover of prior year unexpended funds

Third Quarter
Budget Engagement Commission
Finance Committee

FUNDED BY MEASURE Z

June 2018 – Updated Spending Plan in adopted budget; new spending Items (Fire, Parks & Rec)

December 2018 – Updated Spending Plan to reflect actual FY 2017/18 revenues recorded.

April – May 2019 – Council actions setting a reserve policy and allocating additional funding.

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LEGISLATIVE/JUDICIAL

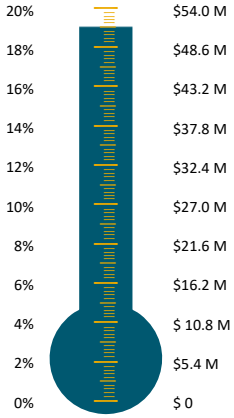
Wayfair Ruling

May Revision 2019-20

Gavin Newsom, Governor
State of California

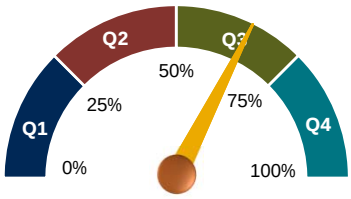
GENERAL FUND SUMMARY

Reserves

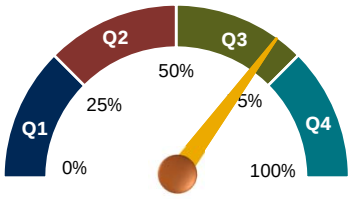


19%, computed as a % of the FY 2018/19 Adopted Appropriations of $269 million

Revenue Recorded to Date



Expenditures Recorded to Date



GENERAL FUND REVENUE ADJUSTMENTS

Summary of Third Quarter Revenue Adjustments				
Revenue Category	Amended Budget	Recommended Adjustments	Revised Budget	% Revised
Sales Taxes	$ 65,504,489	$ 1,500,000	$ 67,004,489	2.3%
Intergovernmental	1,856,184	950,000	2,806,184	51.2%
Charges for Services	17,395,143	(350,000)	17,045,143	(2.0%)
Use of Money and Property	5,195,734	(1,000,000)	4,195,734	(19.2%)
Total	**$ 89,951,550**	**$ 1,100,000**	**$ 91,051,550**	**1.2%**

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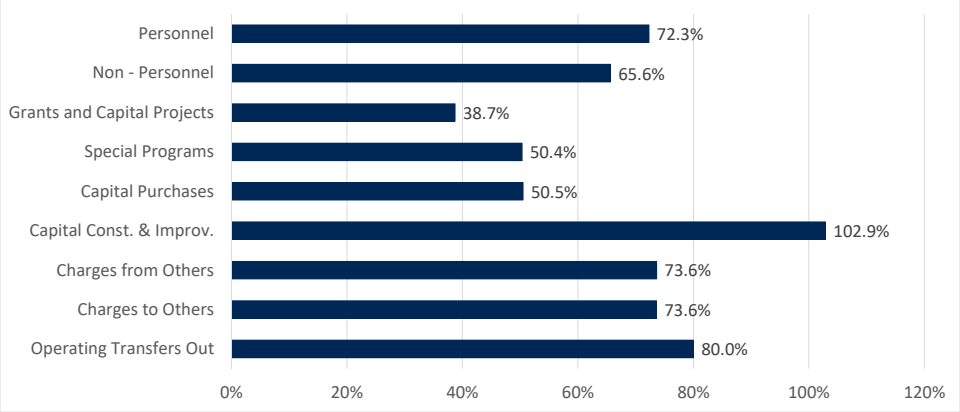
GENERAL FUND EXPENDITURES % OF BUDGET EXPENDED



Supplemental Appropriation request: $1.1 million Mutual Aid, fully offset by revenue reimbursement

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MEASURE Z SPENDING PLAN SUMMARY

Category	FY 2016/17 Allocations	FY 2017/18 Allocations	FY 2018/19 Allocations
Revenue	$12,606,428	$56,222,806	$58,000,000
Spending Allocations	9,973,447	46,624,826	57,653,903
Net Change in Fund Balance	**2,632,981**	**9,597,980**	**346,097**
Fund Balance Reserve	-	-	5,000,000
Fund Balance	**$2,632,981**	**$12,230,961**	**$7,577,058**

May 24, 2019 Spending Plan update, with revised FY 2018/19 revenue estimate (increase of $1,440,000).

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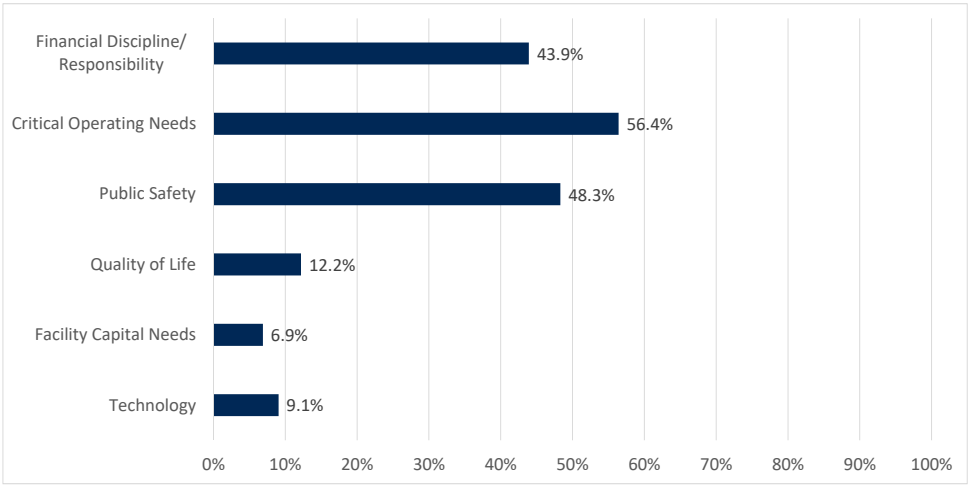
MEASURE Z EXPENDITURES % OF BUDGET EXPENDED



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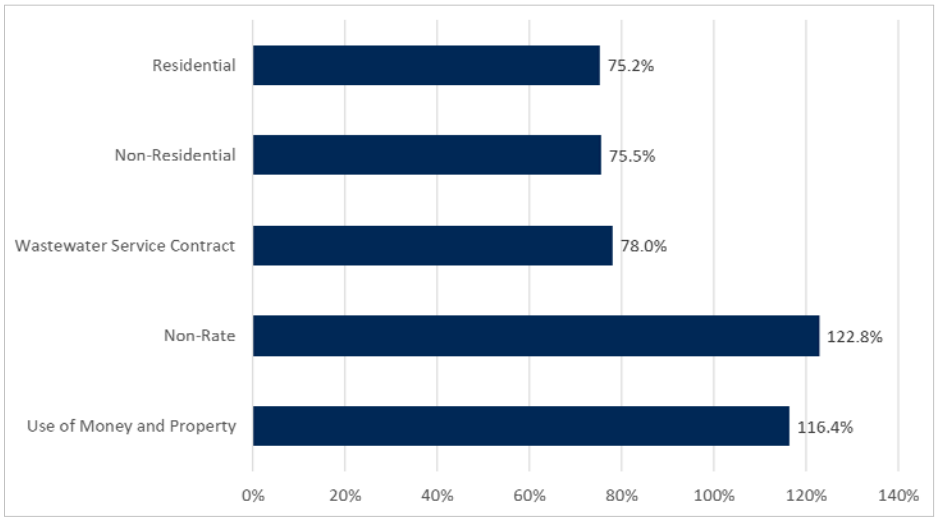
SEWER FUND REVENUE
% OF BUDGET RECEIVED



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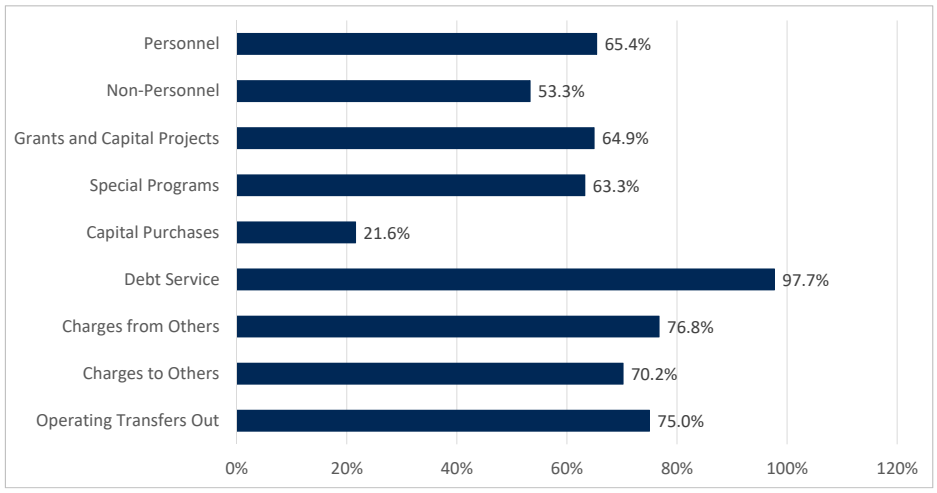
SEWER FUND EXPENDITURES
% OF BUDGET EXPENDED



Supplemental Appropriation: $2.5 million to reimburse CSD overpayments

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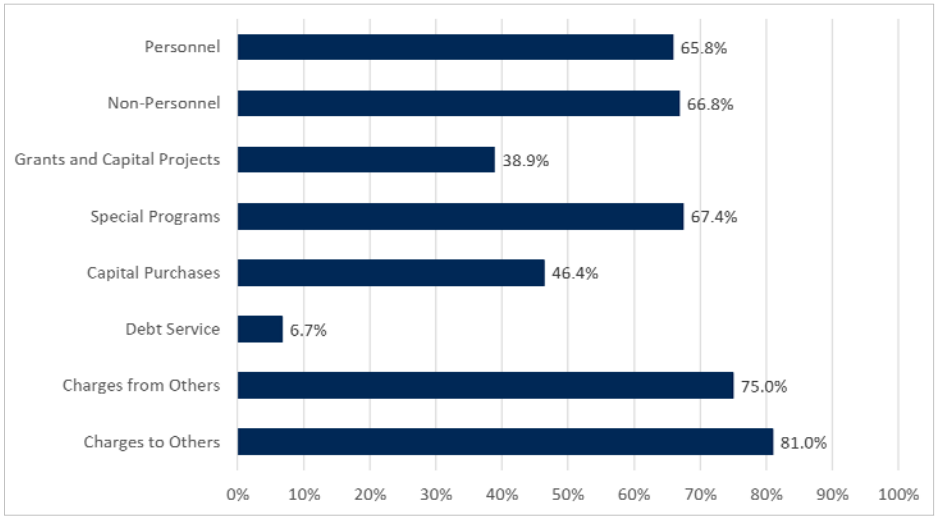
REFUSE FUND REVENUE ADJUSTMENTS

Summary of Third Quarter Revenue Adjustments				
Revenue Category	Amended Budget[1]	Recommended Adjustments	Revised Budget	% Revised
Residential – City Service	$ 11,787,873	$ 498,000	$ 12,285,873	4.2%
Residential – Private Service	4,276,036	315,000	4,591,036	7.4%
Programs	5,385,406	699,000	6,084,406	13.0%
Fines and Forfeitures	1,207,200	(1,014,000)	193,200	-84.0%
Use of Money and Property	397,120	-	397,120	0.0%
Total	**$ 23,053,635**	**$ 498,000**	**$ 23,551,635**	**2.2%**

REFUSE FUND EXPENDITURES % OF BUDGET EXPENDED

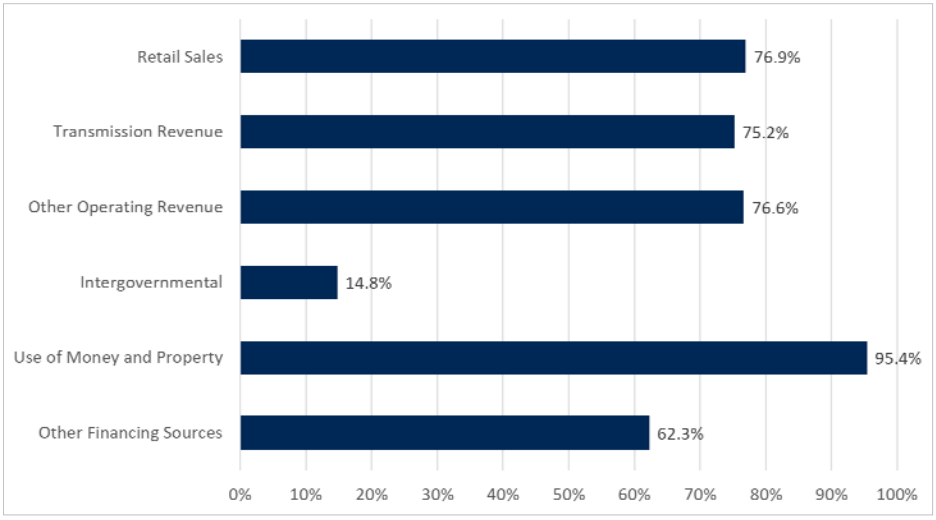


OTHER FUNDS

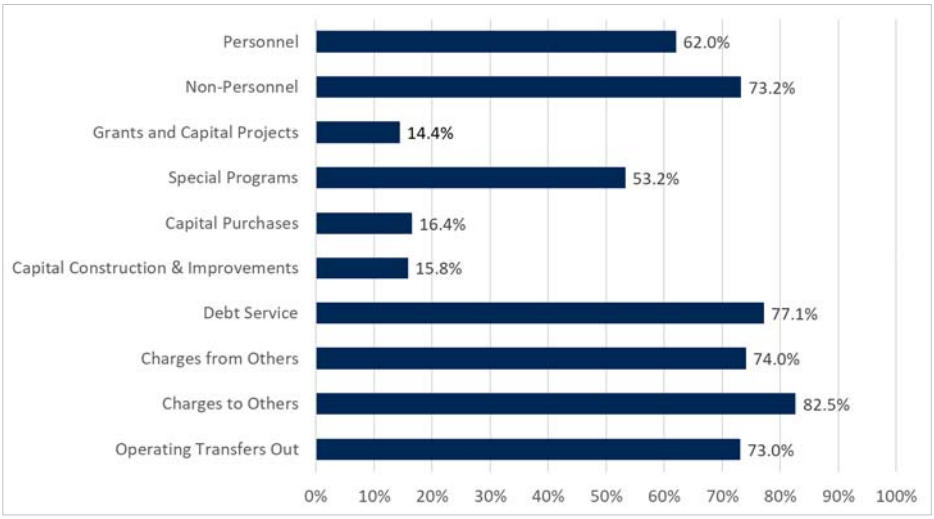
Public Parking Fund:

1. Reduced street sweeping fines, new revenue reduction of $762,000
2. Projected expenditure savings of $653,000

ELECTRIC FUND REVENUE % OF BUDGET RECEIVED



ELECTRIC FUND EXPENDITURES
% OF BUDGET EXPENDED



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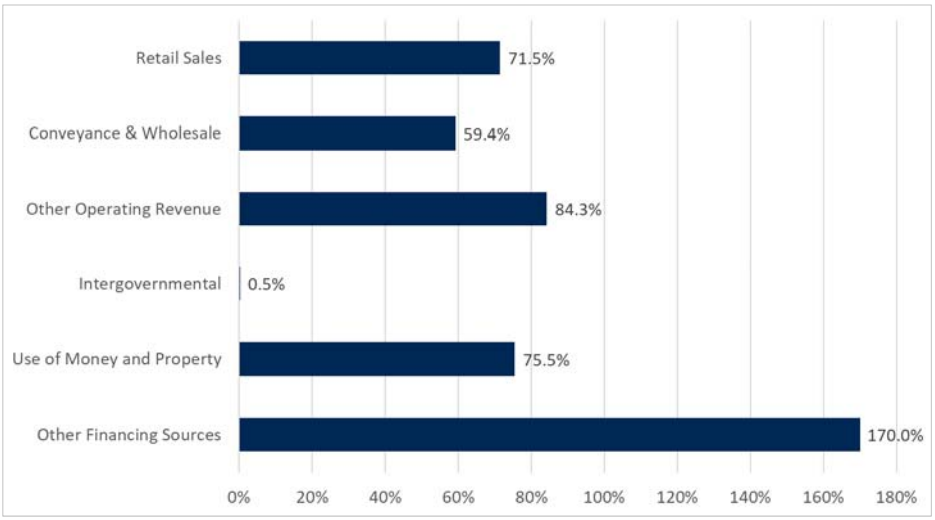
WATER FUND REVENUE
% OF BUDGET RECEIVED



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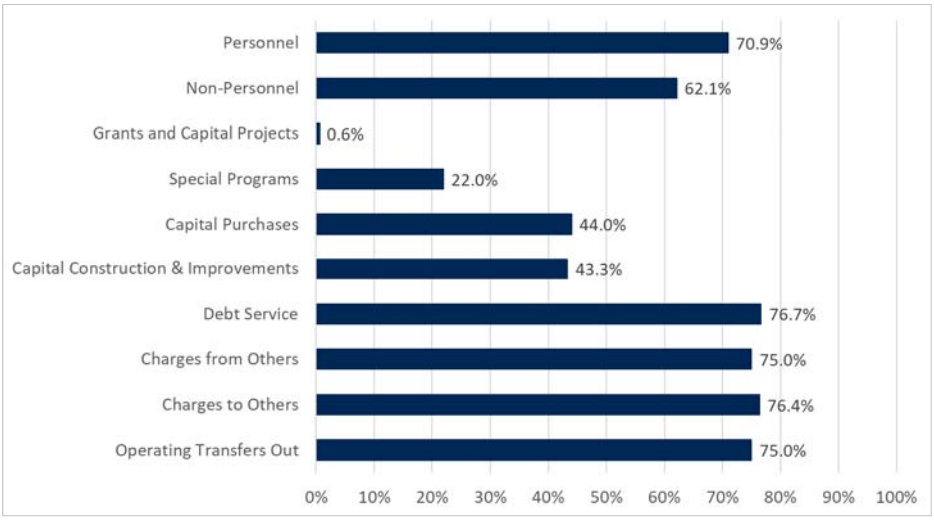
WATER FUND EXPENDITURES
% OF BUDGET EXPENDED



TRANSFERS AND SUPPLEMENTALS

Fund	Revenue	Expense	Net Increase/ (Decrease)
101 - General Fund	$ (1,917,018)	$ (1,903,944)	$ (13,074)
110 - Measure Z Operating	3,459,823	(17,385)	3,477,208
215 - Grants and Restricted Programs	3,114,447	3,101,373	13,074
390 - Debt Service Fund	-	3,566,715	(3,566,715)
420 - Measure Z Capital	99,220	-	99,220
550 - Sewer Fund	-	2,500,000	(2,500,000)
Total Budget Adjustments	**$ 4,756,472**	**$ 7,246,759**	**$ (2,490,287)**

RECOMMENDATIONS

That the City Council:

1. Receive and provide input on the attached Fiscal Year 2018/19 Third Quarter Financial Report and Measure Z Update; and

2. Approve interfund and interdepartmental transfers of $4,746,759 as detailed in Attachment 2, and related supplemental appropriations in the same amount required to effectuate the interdepartmental transfers, and a net budget reduction of $9,713 across city funds; and

RECOMMENDATIONS (CON'T)

3. Approve a $2.5 million supplemental appropriation in Sewer Fund account 4125200-425900 to reimburse Community Service Districts (CSDs) for overpayments made during fiscal years 2016/17 and 2017/18.

City of Arts & Innovation

City Council Memorandum

TO: **HONORABLE MAYOR AND CITY COUNCIL** **DATE: JUNE 18, 2019**

FROM: **FINANCE DEPARTMENT** **WARDS: ALL**

SUBJECT: **FISCAL YEAR 2018/19 THIRD QUARTER CASH AND INVESTMENTS AND DEBT REPORT**

ISSUE:

That the City Council receive and provide input on the attached Fiscal Year 2018/19 Third Quarter Cash and Investments and Debt Report.

RECOMMENDATIONS:

That the City Council receive and provide input on the attached Fiscal Year 2018/19 Third Quarter Cash and Investments and Debt Report.

BACKGROUND:

On April 23, 2019, the City Council received and provided input on the Fiscal Year 2018/19 Second Quarter Cash and Investments and Debt report. In previous quarters, this information was included in a comprehensive Quarterly Financial Report. The Finance Department separated the reports in an effort to increase financial accountability and transparency as it relates to the City's Debt and Investment activities.

DISCUSSION:

It is staff's intention to provide the Cash and Investments and Debt Quarterly report at the same City Council meeting as the Quarterly Financial Report for the General Fund and Measure Z in order to provide a comprehensive review of all City Finance activities and to obtain City Council input related to those activities.

QUARTERLY CASH AND INVESTMENT REPORT

Sound investment practices are an essential component of the City's strong fiscal management. The Finance Department is responsible for managing the City's investment portfolio, focusing first on the safety of investments, and then on liquidity and an appropriate rate of return. The investment results and portfolio composition are summarized and reported to the City Council each quarter. As of March 31, 2019, the City's pooled investment portfolio's market value was $608 million, with the market value of investments held by fiscal agents (bond proceeds and reserve funds primarily) amounting to an additional $162 million. The weighted average yield of

the pooled investment portfolio is 2.123%.

The authority to manage the City's investment program is provided by the California Government Code Sections 53600-53610 which allows the City Council to delegate to the Treasurer/CFO for a one year period the authority to invest or to reinvest all funds of the City. In accordance with the City Charter and under authority granted by the City Council, the Chief Financial Officer is designated the responsibilities of the Treasurer and is responsible for investing the unexpended cash in the City Treasury consistent with the City's adopted investment policy.

The Cash and Investment Report, including a listing of cash balances by fund, is included in Attachment 1. These cash balances reflect each fund's share of the City's pooled investment portfolio. Also shown are interfund loan receivables, which are treated as available cash due to the Chief Financial Officer/Treasurer's authorization to move loan receivables to other funds as needed.

All listed funds have a positive cash balance with the exception of the following funds:

1. Civic Entertainment Fund - Convention Center, Visitors Bureau, and Sports Commission ($1,112,226), and Special Districts ($339,027), have negative cash balances that are fully offset by outstanding receivables.
2. Urban Areas Security Initiative ($598,682), Housing Opportunities for Persons with AIDS ($361,806), NPDES Storm Drain ($267,063), Capital Outlay - Grants ($1,120,620), and Transportation Uniform Mitigation Fees ($2,003,598) have negative cash balances due to the timing of expenditures; however, the negative balances are fully offset by grant receivables.
3. Debt Service Fund – General ($25,372,262) which is fully offset by outstanding cash transfers from all funds related to their share of the Pension Obligation Bond (POBs) payments made by the Debt Service Fund ($17 million). In addition, the Debt Service Fund is pending receipt of lease proceeds currently held with fiscal agent for the reimbursement of fire vehicle purchases ($11.6 million).
4. Central Stores ($590,257) which is fully offset by inventory assets that will be recouped when charged out for usage to various departments.

QUARTERLY DEBT REPORT

The Finance Department is responsible for managing the City's debt portfolio, which includes issuing new debt and monitoring opportunities to refinance existing debt as opportunities to reduce financing costs arise. The Quarterly Debt Report (Attachment 2) summarizes the composition of the City's debt portfolio, details the revenue sources utilized to pay the debt service associated with each outstanding debt, and provides detailed information regarding the total principal and interest payments made in the second quarter by debt classification and fund.

Debt Summary Analysis

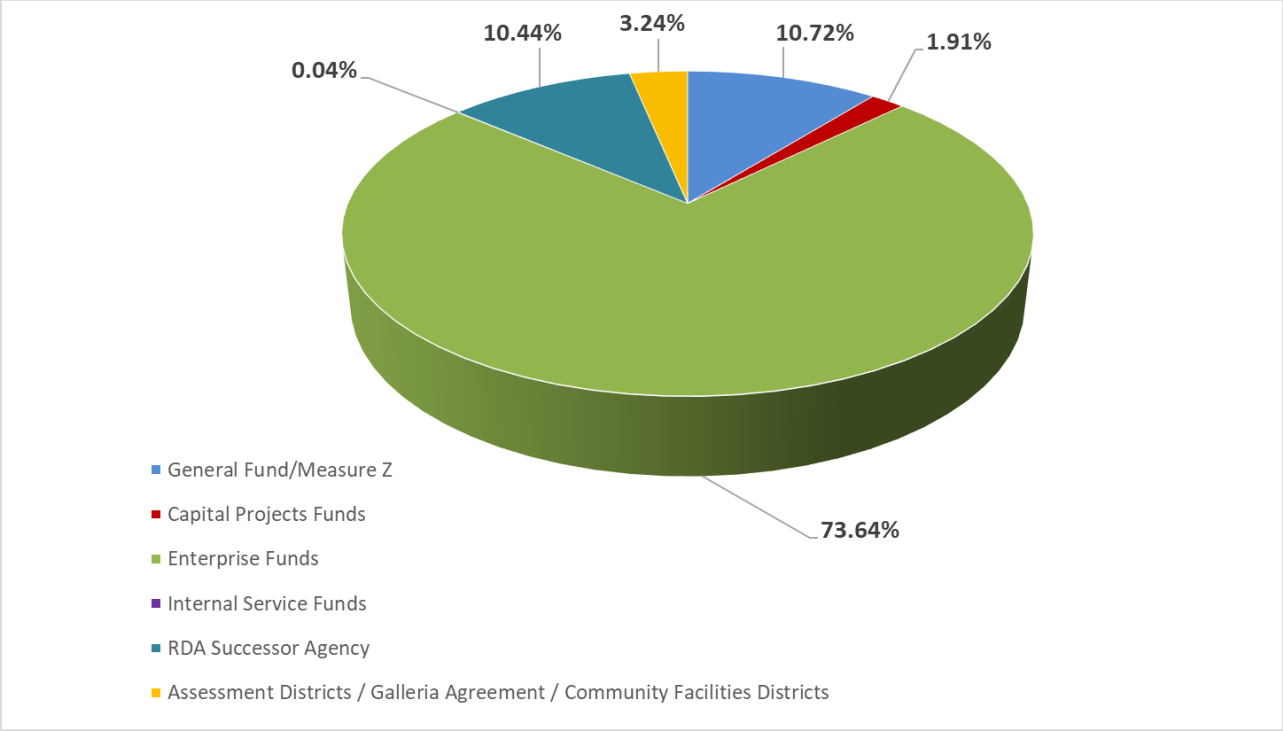
The City's outstanding principal will change as a result of debt service payments, bond calls, new debt issuances, and refunding and defeasance activity. At the end of the third quarter, the City's outstanding principal balance increased $117,144,791 from the end of the second quarter. This principal increase includes $52,194,000 in new money financing for water capital projects and $103,072,000 in new money financing for electric capital projects, executed as part of the 2019A Electric and 2019A Water Revenue Refunding Bonds. The City realized a total $47,565,000 in present value savings related to these issuances. On February 26, 2019, the following issuances were legally defeased:

- Electric Revenue Bonds 2008 Series D – full refunding $191,715,000
- Water Revenue Bonds 2008 Series B – full refunding $53,880,000
- Water Revenue Bonds 2011 Series A – partial refunding/swap unwind $26,900,000

The City also economically defeased the Electric Revenue Refunding Bonds 2008 Series A and Electric Revenue Refunding Bonds 2008 Series C at that time. Because these were economical defeasances, per the Governmental Accounting Standards Board (GASB), Finance will report the principal reduction from the partial refundings of these issuances ($40,425,000) in the fourth quarter based on a transaction closing date of April 1, 2019.

The remaining $7.9 million principal reduction is due to debt service principal payments on the City's 2008A Certificates of Participation, ten capital leases, the last payment of a HUD Section 108 Refunding Loan, the Convention Center Private Placement loan, and a State Revolving Fund Loan for the Sewer Cogeneration project.

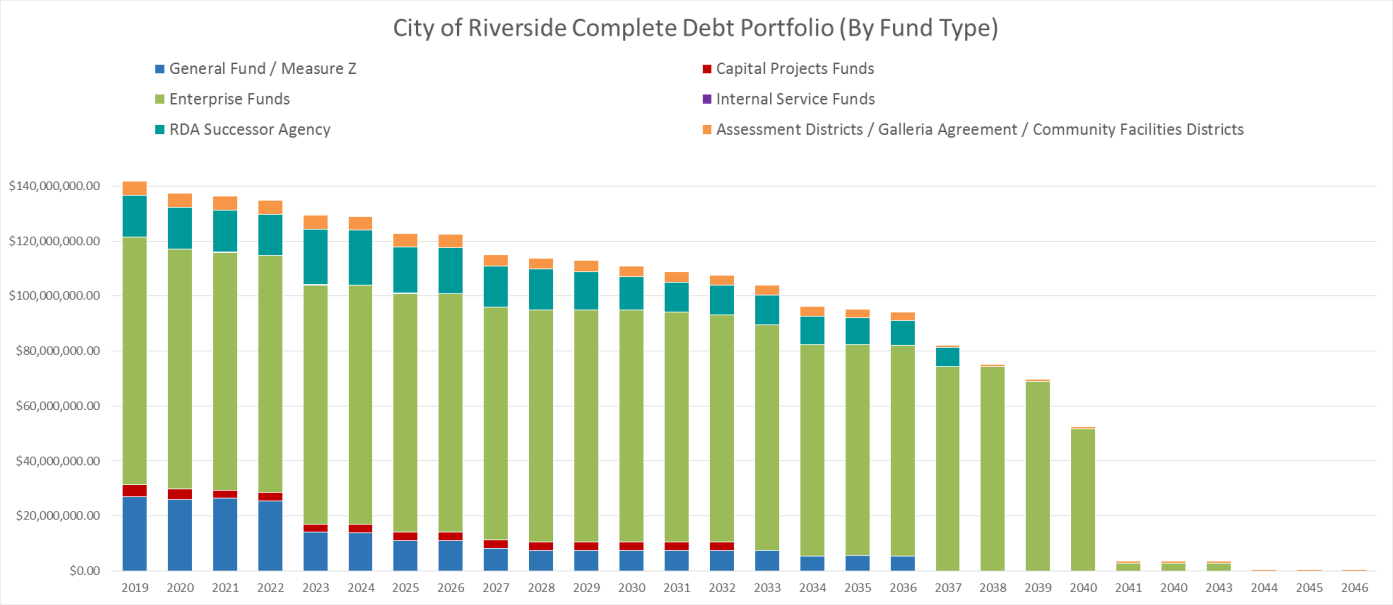
The chart below depicts the composition of the City's debt portfolio at the end of the third quarter. The Enterprise funds are responsible for the majority of the City's debt, with capital project financing offset by the revenues generated by the newly financed facilities. The General Fund and Measure Z have the next largest percentage of debt, providing financing for projects and equipment related to public safety, downtown revitalization, and public facility and infrastructure improvements. The City's Pension Obligation Bonds are allocated within a majority of the funds, distributing debt service in alignment with departmental staffing.



For purposes of this report, the Sewer, Water, Electric, Refuse, Special Transit, Civic Entertainment, Convention Center, and Parking funds are consolidated under the classification of Enterprise Funds. Measure Z and General Fund are grouped together. Measure A and the City's Parks Special Capital fund are classified under Capital Projects Funds. While the Assessment Districts, Galleria Agreement, and Community Facilities Districts are part of the City debt portfolio, they aren't City obligations. They are paid by individual Districts that are separate legal entities from the City, formed to issue debt and levy assessments and special tax to pay debt service

within those districts.

The following bar chart provides the City's debt service portfolio using the same classification methodology, outlining the principal and interest payments on all City debt instruments by fund. As illustrated below, the City has a stable debt service curve that results in steadily diminishing annual debt service payments and that minimizes any spikes in payments that could negatively impact the City's ability to pay debt service.



Debt Related Activities in Third Quarter

Finance staff regularly monitor the market in order to identify opportunities to maximize debt service savings through refunding. Within the third quarter, the City priced and closed the $283,325,000 2019A Electric Revenue Refunding Bonds and the $114,215,000 Water Revenue Refunding Revenue Bonds Series 2019A issuances. Proceeds from the bonds were used to fully refund the 2008D Electric Revenue Bonds and the 2008B Water Revenue Bonds. The proceeds were also used to partially refund and partially unwind the swaps associated with:

- 2008A Electric Revenue Refunding Bonds
- 2008C Electric Revenue Refunding Bonds, and
- 2011A Water Revenue Bonds

Staff presented Riverside Public Utility enterprise financial and operational highlights to both S&P Global Ratings and Moody's Investors Service, affirming a AAA and AA+ rating respectively for the Water enterprise and AA- and AA- for the Electric enterprise.

Other debt related activities conducted within the second quarter include:

- Refunding the 2006 Lease Revenue Certificates of Participation (Galleria at Tyler Public Improvements)
- Bond Financing for 2019B Lease Revenue Bonds to Finance a Main Branch Library facility.
- Preparation of FY 2020 budgets and Council action on Street Lighting Assessment District 1 and Riverwalk and Sycamore Highlands Landscape Maintenance Districts.
- Preparation of FY 2020 budgets for Community Facility Districts and Assessment Districts.
- Preparation of 2020 Levy tax rate for 2004 Election of 2003 General Obligation Bonds (Fire Facility Projects).

FISCAL IMPACT:

There is no direct fiscal impact associated with this report.

Prepared by:	Heidi Schrader, Debt Manager
Certified as to availability of funds:	Edward Enriquez, Chief Financial Officer/City Treasurer
Approved by:	Carlie Myers, Deputy City Manager
Approved as to form:	Gary G. Geuss, City Attorney

Attachments:

1. Cash and Investment Report
2. Debt Report
3. Presentation

ATTACHMENT 1

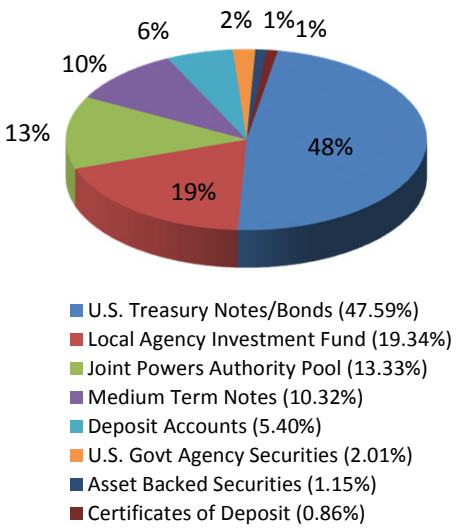
CASH AND INVESTMENT REPORT

CITY OF
RIVERSIDE

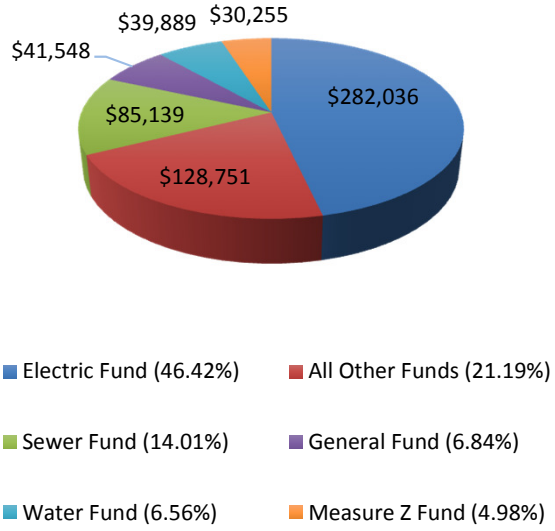
CITY OF RIVERSIDE
Quarterly Investment Report
March 31, 2019

	AMORTIZED COST	MARKET VALUE
POOLED INVESTMENT PORTFOLIO		
Deposit Accounts	$ 32,847,098.43	$ 32,847,098.43
Joint Powers Authority Pool	80,859,048.32	81,000,312.80
Local Agency Investment Fund (LAIF)	117,484,989.90	117,484,989.90
Certificates of Deposit	5,182,198.20	5,203,545.81
Medium Term Notes	61,716,162.96	62,703,247.35
Asset Backed Securities	6,950,256.01	7,006,099.57
U.S. Govt Agency Securities	12,066,209.20	12,207,735.04
U.S. Treasury Notes/Bonds	289,072,571.21	289,164,903.83
TOTAL POOLED INVESTMENT PORTFOLIO	**606,178,534.23**	**607,617,932.73**
INVESTMENTS HELD BY FISCAL AGENT	**161,431,795.58**	**161,830,153.68**
TOTAL CASH & INVESTMENTS	**$ 767,610,329.81**	**$ 769,448,086.41**

COMPOSITION OF POOLED PORTFOLIO



COMPOSITION OF POOLED PORTFOLIO BY FUND



It has been verified that this investment portfolio is in conformity, exclusive of items identified, with the City of Riverside's investment policy which was approved by City Council on 12/15/15. The Treasurer's cash management program and cash flow analysis indicates that sufficient liquidity is on hand to meet estimated future expenditures for a period of six months. The weighted average maturity of the pooled investment portfolio is 1.18 years. Market prices of securities are obtained from Interactive Data Corporation. Weighted average yield on cost is 2.123%. The cash held and invested with fiscal agents is subject to the investment provisions of the related trust indentures associated with the bond transaction which generated the cash.

Verified by: _____
Nancy Garcia, Controller

Approved by: _____
Edward P. Enriquez, Chief Financial Officer/Treasurer

CITY OF RIVERSIDE
Pooled Investment Portfolio Holdings
March 31, 2019

DESCRIPTION OF SECURITY	COUPON RATE	MATURITY DATE	INVEST RATING	PURCH DATE	AMORTIZED COST	YIELD ON MATURITY	MARKET VALUE
DEPOSIT ACCOUNTS							
Bank of America	Varies	Varies	Coll. [1]	Varies	27,716,186.47 [2]	0.50%	27,716,186.47
Citizens Business Bank	Varies	Varies	Coll. [1]	Varies	5,130,911.96	0.35%	5,130,911.96
SUBTOTAL DEPOSIT ACCOUNTS					**32,847,098.43**		**32,847,098.43**
JOINT POWERS AUTHORITY POOL							
CALTRUST Investment Trust of California	Varies	Varies	AA	Varies	**80,859,048.32**	2.52%	**81,000,312.80**
LOCAL AGENCY INVESTMENT FUND (LAIF)	Varies	Varies	NR	Varies	**117,484,989.90**	2.44%	**117,484,989.90**
CERTIFICATES OF DEPOSIT							
CIT Bank, National Association	2.00%	05/14/19	FDIC	05/14/14	247,000.00	2.00%	248,774.12
Webster Bank, National Association	1.90%	07/02/19	FDIC	07/02/14	247,950.66	1.98%	248,905.66
ConnectOne Bank	1.55%	07/29/19	FDIC	01/28/15	247,000.00	1.55%	246,803.36
Alma Bank	1.70%	09/30/19	FDIC	09/30/15	247,000.00	1.70%	246,157.03
Belmont Savings Bank	1.40%	02/18/20	FDIC	02/17/16	249,000.00	1.40%	247,812.85
Bank of Wisconsin Dells	1.50%	07/17/20	FDIC	02/17/16	249,000.00	1.50%	246,050.20
Bridgewater Bank	1.50%	08/17/20	FDIC	02/17/16	249,000.00	1.50%	245,864.45
Unity Bank	1.50%	08/26/20	FDIC	02/26/16	249,000.00	1.50%	247,504.90
Barclays Bank Delaware	2.20%	09/16/20	FDIC	09/16/15	247,000.00	2.20%	246,462.62
Bank of Charles Town	1.80%	09/30/20	FDIC	09/30/15	249,000.00	1.80%	248,228.01
HSBC Bank USA, National Association	3.60%	11/17/20	FDIC	11/23/15	246,000.00	3.60%	251,417.68
EnerBank USA	1.90%	01/28/21	FDIC	01/28/16	247,000.00	1.90%	245,358.05
The State Bank and Trust Company	1.60%	02/17/21	FDIC	02/17/16	249,000.00	1.60%	247,534.03
BMW Bank of North America	3.00%	07/13/21	FDIC	07/13/18	244,906.78	3.02%	249,077.28
Citibank (South Dakota), National Association	3.00%	07/13/21	FDIC	07/13/18	244,906.78	3.02%	249,077.28
Wells Fargo Bank, National Association	3.00%	07/13/21	FDIC	07/13/18	244,906.78	3.02%	247,904.63
Ally Bank	3.00%	07/19/21	FDIC	07/19/18	244,906.11	3.02%	248,947.15
Discover Bank	3.00%	07/19/21	FDIC	07/18/18	244,906.20	3.02%	248,967.29
Medallion Bank	3.00%	07/20/21	FDIC	07/20/18	244,906.00	3.02%	247,752.65
Merrick Bank Corporation	2.95%	07/20/21	FDIC	07/20/18	244,906.00	2.97%	247,473.98
Hanmi Bank	2.95%	08/17/21	FDIC	08/17/18	244,902.87	2.97%	247,472.62
SUBTOTAL CERTIFICATES OF DEPOSIT					**5,182,198.20**		**5,203,545.81**
MEDIUM TERM NOTES							
APPLE INC	2.10%	05/06/19	AA+ / Aa1	01/28/16	3,501,880.01	1.54%	3,527,878.67
TOYOTA MOTOR CREDIT CORP	1.95%	04/17/20	AA- / Aa3	02/27/18	2,185,600.02	2.59%	2,204,963.93
AMERICAN HONDA FINANCE CORP	3.00%	06/16/20	A / A2	07/16/18	4,171,368.00	3.07%	4,230,360.50
WALMART INC	2.85%	06/23/20	AA / Aa2	06/27/18	12,672,532.23	2.87%	12,827,015.51
CISCO SYSTEMS INC	2.20%	02/28/21	AA- / A1	03/14/18	5,236,548.38	2.84%	5,275,618.23
AMERICAN HONDA FINANCE CORP	3.38%	12/10/21	A / A2	10/10/18	5,447,612.88	3.39%	5,602,334.31
APPLE INC	2.30%	05/11/22	AA+ / Aa1	02/22/18	7,351,540.50	2.97%	7,518,273.33
BERKSHIRE HATHAWAY FINANCE CORP	3.00%	05/15/22	AA / Aa2	03/14/19	5,135,489.22	2.68%	5,229,015.48
ORACLE CORP	2.50%	05/15/22	AA- / A1	02/21/19	2,543,568.35	2.85%	2,585,166.71
ORACLE CORP	2.50%	10/15/22	AA- / A1	03/14/19	5,944,543.87	2.78%	6,036,472.67
CHEVRON CORP	3.19%	06/24/23	AA / Aa2	02/21/19	5,056,292.86	2.89%	5,158,569.86
TOYOTA MOTOR CREDIT CORP	3.45%	09/20/23	AA- / Aa3	02/21/19	2,469,186.63	3.06%	2,507,578.16
SUBTOTAL MEDIUM TERM NOTES					**61,716,162.96**		**62,703,247.35**
ASSET BACKED SECURITIES							
CCCIT 16A1 A1	1.75%	11/19/19	AAA / Aaa	09/24/18	6,950,256.01	2.89%	7,006,099.57
SUBTOTAL ASSET BACKED SECURITIES					**6,950,256.01**		**7,006,099.57**
U.S. GOVERNMENT AGENCY SECURITIES							
FEDERAL HOME LOAN MORTGAGE CORP	2.38%	02/16/21	AA+ / Aaa	04/27/18	7,953,960.87	2.69%	8,031,486.00

CITY OF RIVERSIDE
Pooled Investment Portfolio Holdings
March 31, 2019

DESCRIPTION OF SECURITY	COUPON RATE	MATURITY DATE	INVEST RATING	PURCH DATE	AMORTIZED COST	YIELD ON MATURITY	MARKET VALUE
FEDERAL NATIONAL MORTGAGE ASSOCIATION	2.63%	01/11/22	AA+ / Aaa	01/11/19	4,112,248.34	2.65%	4,176,249.04
SUBTOTAL U.S. GOVERNMENT AGENCY SECURITIES					**12,066,209.20**		**12,207,735.04**
U.S. GOVERNMENT TREASURY SECURITIES							
UNITED STATES TREASURY	1.00%	08/31/19	AA+ / Aaa	10/10/14	1,892,446.90	1.97%	1,889,999.47
UNITED STATES TREASURY	1.75%	09/30/19	AA+ / Aaa	01/18/17	19,032,254.89	1.41%	18,931,881.47
UNITED STATES TREASURY	1.75%	09/30/19	AA+ / Aaa	12/15/16	5,760,535.40	1.38%	5,729,385.18
UNITED STATES TREASURY	1.00%	09/30/19	AA+ / Aaa	05/28/15	2,992,215.65	1.53%	2,978,166.97
UNITED STATES TREASURY	1.50%	11/30/19	AA+ / Aaa	10/18/17	15,332,174.35	1.53%	15,316,252.54
UNITED STATES TREASURY	1.50%	11/30/19	AA+ / Aaa	11/09/15	6,799,702.49	1.51%	6,791,686.81
UNITED STATES TREASURY	1.00%	11/30/19	AA+ / Aaa	07/13/15	2,989,549.02	1.53%	2,981,929.95
UNITED STATES TREASURY	1.13%	12/31/19	AA+ / Aaa	02/26/15	1,893,985.65	1.55%	1,887,042.07
UNITED STATES TREASURY	1.25%	01/31/20	AA+ / Aaa	05/28/15	2,493,870.55	1.55%	2,480,862.06
UNITED STATES TREASURY	1.25%	02/29/20	AA+ / Aaa	11/09/15	9,967,417.11	1.61%	9,905,789.57
UNITED STATES TREASURY	1.50%	04/15/20	AA+ / Aaa	08/11/17	7,402,740.67	1.46%	7,383,010.17
UNITED STATES TREASURY	1.13%	04/30/20	AA+ / Aaa	01/18/17	7,689,261.97	1.56%	7,657,079.92
UNITED STATES TREASURY	1.38%	05/31/20	AA+ / Aaa	07/13/15	6,983,878.72	1.58%	6,949,953.62
UNITED STATES TREASURY	1.50%	05/31/20	AA+ / Aaa	08/22/16	6,539,524.42	0.97%	6,465,137.07
UNITED STATES TREASURY	1.88%	06/30/20	AA+ / Aaa	03/17/16	7,693,416.60	1.41%	7,637,051.59
UNITED STATES TREASURY	2.13%	08/31/20	AA+ / Aaa	04/27/18	10,187,547.13	2.57%	10,235,309.97
UNITED STATES TREASURY	2.13%	08/31/20	AA+ / Aaa	11/09/15	2,014,177.36	1.62%	1,997,133.65
UNITED STATES TREASURY	2.13%	08/31/20	AA+ / Aaa	12/12/17	7,800,320.58	1.89%	7,763,857.08
UNITED STATES TREASURY	2.00%	09/30/20	AA+ / Aaa	12/15/16	10,045,252.86	1.69%	9,947,816.45
UNITED STATES TREASURY	2.63%	11/15/20	AA+ / Aaa	11/07/17	14,039,532.42	1.77%	14,048,185.08
UNITED STATES TREASURY	1.63%	11/30/20	AA+ / Aaa	01/22/16	6,026,069.97	1.36%	5,962,832.57
UNITED STATES TREASURY	2.38%	12/31/20	AA+ / Aaa	07/30/18	4,870,029.92	2.74%	4,933,272.49
UNITED STATES TREASURY	2.00%	01/15/21	AA+ / Aaa	07/30/18	4,836,360.52	2.75%	4,893,394.29
UNITED STATES TREASURY	2.00%	02/28/21	AA+ / Aaa	03/17/16	5,550,767.41	1.51%	5,478,198.72
UNITED STATES TREASURY	2.00%	02/28/21	AA+ / Aaa	10/18/17	6,034,123.26	1.70%	5,976,216.78
UNITED STATES TREASURY	2.25%	03/31/21	AA+ / Aaa	08/22/16	2,864,211.70	1.09%	2,798,858.93
UNITED STATES TREASURY	2.63%	06/15/21	AA+ / Aaa	09/28/18	10,937,592.68	2.89%	11,171,251.81
UNITED STATES TREASURY	2.13%	06/30/21	AA+ / Aaa	11/07/17	3,419,345.05	1.87%	3,407,006.89
UNITED STATES TREASURY	2.25%	07/31/21	AA+ / Aaa	04/09/18	1,242,842.09	2.50%	1,254,026.60
UNITED STATES TREASURY	2.25%	07/31/21	AA+ / Aaa	08/22/16	6,668,257.29	1.12%	6,520,938.33
UNITED STATES TREASURY	2.13%	09/30/21	AA+ / Aaa	11/17/16	12,625,268.94	1.71%	12,459,713.25
UNITED STATES TREASURY	2.88%	10/15/21	AA+ / Aaa	01/11/19	12,346,922.44	2.55%	12,598,209.08
UNITED STATES TREASURY	2.00%	11/15/21	AA+ / Aaa	01/11/19	8,024,285.25	2.54%	8,146,365.09
UNITED STATES TREASURY	1.88%	11/30/21	AA+ / Aaa	08/11/17	5,418,046.96	1.75%	5,380,988.44
UNITED STATES TREASURY	2.13%	12/31/21	AA+ / Aaa	04/09/18	1,236,202.35	2.54%	1,252,576.06
UNITED STATES TREASURY	1.88%	02/28/22	AA+ / Aaa	08/11/17	11,029,301.64	1.78%	10,904,062.78
UNITED STATES TREASURY	1.88%	05/31/22	AA+ / Aaa	08/11/17	1,753,393.35	1.81%	1,741,651.35
UNITED STATES TREASURY	2.00%	07/31/22	AA+ / Aaa	09/28/18	2,425,566.36	2.94%	2,489,537.29
UNITED STATES TREASURY	1.88%	08/31/22	AA+ / Aaa	10/18/17	2,597,056.36	1.91%	2,573,364.13
UNITED STATES TREASURY	1.88%	09/30/22	AA+ / Aaa	04/09/18	1,219,287.59	2.61%	1,235,220.29
UNITED STATES TREASURY	1.88%	09/30/22	AA+ / Aaa	12/12/17	3,717,355.53	2.13%	3,705,660.86
UNITED STATES TREASURY	2.13%	12/31/22	AA+ / Aaa	12/24/18	5,985,624.42	2.65%	6,107,563.09
UNITED STATES TREASURY	2.38%	01/31/23	AA+ / Aaa	04/09/18	1,238,319.61	2.63%	1,261,268.08
UNITED STATES TREASURY	2.63%	06/30/23	AA+ / Aaa	09/28/18	5,425,113.75	2.97%	5,622,016.16
UNITED STATES TREASURY	2.63%	06/30/23	AA+ / Aaa	12/24/18	8,988,420.11	2.66%	9,199,662.81
UNITED STATES TREASURY	2.88%	11/30/23	AA+ / Aaa	01/11/19	3,043,001.92	2.55%	3,113,516.97
SUBTOTAL U.S. GOVERNMENT TREASURY SECURITIES					**289,072,571.21**		**289,164,903.83**
TOTAL POOLED CASH & INVESTMENTS					**606,178,534.23**		**607,617,932.73**
WEIGHTED AVERAGE MATURITY							

[1] Collateralized in accordance with Section 53652 of the CA state code.

[2] Bank of America Checking account adjusted by $2,276,792.97 to account for reconciled items.

CITY OF RIVERSIDE
Investments Held by Fiscal Agent
March 31, 2019

DESCRIPTION OF SECURITY	COUPON RATE	MATURITY DATE	INVEST RATING	PURCH DATE	AMORTIZED COST	YIELD ON MATURITY	MARKET VALUE
CASH & MONEY MARKET ACCOUNTS							
Cash	Varies	Varies	NR	Varies	17,414,040.53	Varies	17,414,040.53
US Bank Mmkt 5 - CT	0.02%	Varies	P-1	Varies	16.87	0.02%	16.87
US Bank Gcts0170	1.20%	Varies	P-1	Varies	30,409,289.11	1.20%	30,409,289.11
First American Government Obligation	0.00%	Varies	Aaa-mf	Varies	294,073.97	0.00%	294,073.97
First American Prime Obligations Fund CL " Z "	0.02%	Varies	Aaa-mf	Varies	17,698,017.13	0.02%	17,698,017.13
SUBTOTAL CASH & MONEY MARKET ACCOUNTS					**65,975,375.17**		**65,975,375.17**
LOCAL AGENCY INVESTMENT FUND (LAIF)	0.51%	Varies	NR	Varies	**34,813,135.25**	0.51%	**34,813,135.25**
BONDS, DEBENTURES, NOTES & AGREEMENTS							
US Bank Na C P	0.10%	08/01/19	P-1	02/1/19	663,860.79	0.10%	663,860.79
Korea Development BK CP	4.80%	5/31/19	Aaa	08/01/18	4,018,521.28	4.80%	4,049,593.24
US Treasury Note	1.63%	06/30/19	Aaa	2/16/18	2,980,312.50	1.63%	2,993,310.00
US Treasury Note	1.75%	09/30/19	Aaa	2/16/18	2,980,312.50	1.75%	2,989,110.00
US Treasury Note	1.88%	12/31/19	Aaa	2/16/18	2,983,125.00	1.88%	2,987,340.00
US Treasury Note	1.38%	3/31/20	Aaa	2/16/18	2,946,093.76	1.38%	2,969,430.00
CiscoSystems	2.45%	6/15/20	A1	1/19/18	3,405,746.00	2.45%	3,394,594.00
US Treasury Note	2.00%	9/30/20	Aaa	2/16/18	2,974,218.76	2.00%	2,984,190.00
US Treasury Note	2.38%	12/31/20	Aaa	2/16/18	3,000,000.00	2.38%	3,002,460.00
Apple Inc	2.25%	2/23/21	Aa1	1/23/18	2,999,917.00	2.25%	3,009,128.00
FNMA Debt	1.38%	02/26/21	Aaa	03/30/16	370,735.63	1.38%	364,451.85
US Treasury Note	2.13%	6/30/21	Aaa	2/16/18	2,966,953.12	2.13%	2,990,160.00
US Treasury Note	2.13%	9/30/21	Aaa	2/16/18	2,959,804.68	2.13%	2,990,160.00
US Treasury Note	2.00%	12/31/21	Aaa	2/16/18	2,939,882.82	2.00%	2,981,490.00
US Treasury Note	1.88%	3/31/22	Aaa	2/16/18	2,918,437.50	1.88%	2,969,760.00
US Treasury Note	2.13%	6/30/22	Aaa	2/16/18	2,942,695.32	2.13%	2,989,800.00
US Treasury Note	1.88%	9/30/22	Aaa	2/16/18	2,902,617.18	1.88%	2,964,390.00
US Treasury Note	2.13%	12/31/22	Aaa	2/16/18	2,929,335.94	2.13%	2,987,700.00
Invt Agmt-Trinity Plus Fdg Co Gic	4.68%	10/01/29	Baa1	05/14/08	6,411,744.65	4.68%	6,411,744.65
Invt Agmt-Trinity Plus Fdg Co Gic	4.68%	10/01/35	Baa1	05/14/08	4,348,970.73	4.68%	4,348,970.73
SUBTOTAL BONDS, DEBENTURES, NOTES & AGREEMENTS					**60,643,285.16**		**61,041,643.26**
TOTAL INVESTMENTS HELD BY FISCAL AGENT					**161,431,795.58**		**161,830,153.68**

City of Riverside
Cash Balances by Fund
As of March 31, 2019

Fund		Cash Balance [1]	Interfund Loan Receivables [2]	Cash Balance + Loan Receivables
General Fund	**101**	**41,548,094**	**-**	**41,548,094**
Measure Z	**110**	**30,254,834**	**-**	**30,254,834**
Enterprise Funds				
Electric	510	263,935,915	4,226,657	268,162,572
Electric - Public Benefits Program	511	18,099,889	-	18,099,889
Water	520	37,490,026	-	37,490,026
Water - Conservation & Reclamation Program	521	2,398,707	-	2,398,707
Airport	530	1,251,901	-	1,251,901
Refuse Collection	540	6,993,675	-	6,993,675
Sewer Service	550	85,139,094	3,992,674	89,131,769
Special Transit	560	2,431,661	-	2,431,661
Public Parking	570	1,850,830	-	1,850,830
Civic Entertainment (Convention Center, Visitors Bureau, Sports Commission)	580	(1,112,226)	-	(1,112,226)
Civic Entertainment (Fox, Box, RMA, Showcase)	581	1,458,575	-	1,458,575
SubTotal - Enterprise Funds		**419,938,049**	**8,219,331**	**428,157,380**
Special Revenue Funds				
Urban Areas Security Initiative	205	(598,682)	-	(598,682)
Community Development Block Grant	220	108,845	-	108,845
Home Investment Partnership Program	221	431,617	-	431,617
Housing Opportunities for Persons with AIDS	222	(361,806)	-	(361,806)
Community Development Grants	223	1,559,193	-	1,559,193
Neighborhood Stabilization Program	225	140,927	-	140,927
Special Gas Tax	230	16,875,295	-	16,875,295
Air Quality Improvement	240	1,040,502	-	1,040,502
NPDES Storm Drain	260	(267,063)	-	(267,063)
Housing Authority	280	7,673,911	-	7,673,911
Housing Assets	281	1,893,531	1,663,639	3,557,170
Special Districts	291	(339,027)	-	(339,027)
SubTotal - Special Revenue Funds		**28,157,243**	**1,663,639**	**29,820,882**
Capital Projects Funds				
Capital Outlay	401	1,541,383	-	1,541,383
Storm Drain	410	1,330,537	-	1,330,537
Local Park Special Capital Improvements	411	2,225,726	-	2,225,726
Regional Park Special Capital Improvements	413	2,923,459	-	2,923,459
Measure Z Capital Outlay	420	8,542,245	-	8,542,245
Capital Outlay Grants	430	(1,120,620)	-	(1,120,620)
Transportation Projects	431	11,950	-	11,950
Measure A Capital Outlay	432	19,739,931	-	19,739,931
Transportation Development Impact Fees	433	5,459,958	-	5,459,958
Transportation Uniform Mitigation Fees	434	(2,003,598)	-	(2,003,598)
Community Facilities Districts and Assessment Districts	Various	2,333,668	-	2,333,668
SubTotal - Capital Project Funds		**40,984,639**	**-**	**40,984,639**
Debt Service Funds				
Debt Service Fund - General	390	(25,372,262)	-	(25,372,262)
Debt Service Fund - Public Works	391	1,513,246	-	1,513,246
SubTotal Debt Service Funds		**(23,859,016)**	**-**	**(23,859,016)**
Agency Funds				
Successor Agency	Various	24,422,635	-	24,422,635
Community Facilities Districts and Assessment Districts	Various	1,839,408	-	1,839,408
Special Deposits	Various	14,409,329	-	14,409,329
SubTotal Agency Funds		**40,671,373**	**-**	**40,671,373**
Internal Service Funds				
Workers' Compensation Insurance Trust	610	16,333,000	334,914	16,667,914
Unemployment Insurance Trust	620	345,048	-	345,048
Liability Insurance Trust	630	6,407,108	-	6,407,108
Central Stores	640	(590,257)	-	(590,257)
Central Garage	650	7,427,818	2,067,816	9,495,634
SubTotal - Internal Service Funds		**29,922,717**	**2,402,730**	**32,325,447**
	Total - All Funds	**$ 607,617,933**	**$ 12,285,700**	**$ 619,903,633**

[1] Amount reflects each fund's share of the City's pooled investment portfolio.

[2] Amounts shown are interfund loans outstanding, including the SERAF loan due to the Housing Authority. Interfund loan receivable balances are treated as available cash due to the ability to move loan receivables to other funds as needed.

ATTACHMENT 2

DEBT REPORT

CITY OF RIVERSIDE
Fiscal Year 2018/19 Third Quarter
Summary of Outstanding Debt[1]

Debt Type By Funding Source	Outstanding Principal Balance as of 1/1/2019	Q3 New Debt Issued	Q3 Principal Payments	Q3 Interest Payments	Principal Balance as of 4/1/2019	Projected Principal Balance 6/30/2019
General Fund/Measure Z						
General Obligation Bonds	$ 9,085,000	$ -	$ -	$ 232,774	$ 9,085,000	$ 9,085,000
Pension Obligation Bonds	60,476,694	-	-	-	60,476,694	50,187,072
Certificates of Participation	71,616,240	-	2,668,056	218,982	68,948,184	68,948,184
Lease Revenue Bonds	22,607,547	-	-	-	22,607,547	22,607,547
Capital Leases	25,280,883	-	2,318,937	262,825	22,961,946	22,751,867
Interfund Loans	2,367,560	-	-	-	2,367,560	2,367,560
Total General Fund	**$ 191,433,924**	**$ -**	**$ 4,986,993**	**$ 714,581**	**$ 186,446,931**	**$ 175,947,230**
Capital Projects Funds						
Local Park Impact Fee Fund Interfund Loans	$ 2,007,989	$ -	$ -	$ -	$ 2,007,989	$ 2,007,989
Measure A Certificates of Participation	31,220,000	-	-	-	31,220,000	29,775,000
Total Capital Projects Funds	**$ 33,227,989**	**$ -**	**$ -**	**$ -**	**$ 33,227,989**	**$ 31,782,989**
Enterprise Funds						
Pension Obligation Bonds	$ 18,324,907	$ -	$ -	$ -	$ 18,324,907	$ 14,774,732
Electric Fund Revenue Bonds	514,270,000	283,325,000	191,715,000	6,028,277	605,880,000	565,455,000
Electric Fund Capital Leases	2,688,275	-	206,637	13,642	2,481,638	2,273,868
Water Fund Revenue Bonds	177,250,000	114,215,000	80,780,000	2,406,270	210,685,000	210,685,000
Water Fund Capital Lease	1,989,873	-	106,368	23,532	1,883,505	1,883,505
Sewer Fund Revenue Bonds	348,910,000	-	-	4,822,700	348,910,000	348,910,000
Sewer Fund Loans	977,586	-	319,195	20,279	658,391	658,391
Lease Revenue Bonds	7,867,200	-	-	-	7,867,200	7,867,200
Certificates of Participation	30,383,760	-	1,131,944	92,905	29,251,816	29,251,816
Civic Entertainment Fund Capital Lease	1,288,141	-	253,159	11,271	1,034,982	1,034,982
Civic Entertainment Fund Loan	8,372,179	-	-	-	8,372,179	8,121,034
Convention Center Expansion Loan	36,433,234	-	475,913	286,681	35,957,321	35,486,415
Parking Fund Loans	9,361,732	-	-	-	9,361,732	9,080,902
Total Enterprise Funds	**$ 1,158,116,887**	**$ 397,540,000**	**$ 274,988,216**	**$ 13,705,557**	**$ 1,280,668,672**	**$ 1,235,482,846**
Internal Service Funds						
Pension Obligation Bonds	$ 749,506	$ -	$ -	$ -	$ 749,506	$ 604,303
Total Internal Service Funds	**$ 749,506**	**$ -**	**$ -**	**$ -**	**$ 749,506**	**$ 604,303**
RDA Successor Agency						
Pension Obligation Bonds	$ 553,893	$ -	$ -	$ -	$ 553,893	$ 553,893
Lease Revenue Bonds	15,510,254	-	-	-	15,510,254	15,510,254
Tax Allocation Bonds	161,730,000	-	-	3,429,150	161,730,000	161,730,000
Interfund Loans	3,800,624	-	-	-	3,800,624	3,800,624
Loans	420,000	-	420,000	6,552	-	-
Total RDA Successor Agency	**$ 182,014,771**	**$ -**	**$ 420,000**	**$ 3,435,702**	**$ 181,594,771**	**$ 181,594,771**
Assessment Districts / Galleria Agreement / Community Facilities Districts						
Assessment Districts	$ 20,625,000	$ -	$ -	$ 525,439	$ 20,625,000	$ 20,625,000
Galleria Mall Improvements District Certificates of Participation	15,905,000	-	-	367,196	15,905,000	15,905,000
Community Facilities Districts	19,875,000	-	-	437,576	19,875,000	19,875,000
Total AD / Galleria / CFDs	**$ 56,405,000**	**$ -**	**$ -**	**$ 1,330,211**	**$ 56,405,000**	**$ 56,405,000**
Total	**$1,621,948,076**	**$ 397,540,000**	**$ 280,395,209**	**$ 19,186,051**	**$ 1,739,092,868**	**$ 1,681,817,139**

[1] Excludes water stock acquisition rights, copier leases, development agreements, and amortization of premiums and discounts on outstanding debt, none of which are material.

CITY OF RIVERSIDE

Fiscal Year 2018/19 Third Quarter

Outstanding Debt[1]

Debt Type / Issuance	Year Issued	Final Maturity	Total Issue Size	Outstanding Principal Balance 7/1/2018	Outstanding Principal Balance 1/1/2019	Q3 New Debt Issued	Q3 Principal Payments	Q3 Interest Payments	Outstanding Principal Balance 4/1/2019	Projected Principal Balance 6/30/2019
General Obligation										
Measure G Fire Facility Projects General Obligation Bonds 2004	2004	2024	$ 20,000,000	$ 10,280,000	$ 9,085,000	$ -	$ -	$ 232,774	$ 9,085,000	$ 9,085,000
Total General Obligation Bonds			$ 20,000,000	$ 10,280,000	$ 9,085,000	$ -	$ -	$ 232,774	$ 9,085,000	$ 9,085,000
Pension Obligation[2]										
Pension Obligation Bonds Series 2004A	2004	2023	$ 89,540,000	$ 44,400,000	$ 44,400,000	$ -	$ -	$ -	$ 44,400,000	$ 37,225,000
Pension Obligation Bonds Series 2005A	2005	2020	30,000,000	6,655,000	6,655,000	-	-	-	6,655,000	2,795,000
Pension Obligation Bonds Series 2017A	2017	2027	31,960,000	29,050,000	29,050,000	-	-	-	29,050,000	26,100,000
Total Pension Obligation Bonds			$ 151,500,000	$ 80,105,000	$ 80,105,000	$ -	$ -	$ -	$ 80,105,000	$ 66,120,000
Certificates of Participation										
Galleria Mall Improvements COPs Series 2006A	2006	2036	$ 19,945,000	$ 16,485,000	$ 15,905,000	$ -	$ -	$ 367,196	$ 15,905,000	$ 15,905,000
Riverside Renaissance Projects Refunding COPs Series 2008A	2008	2037	128,300,000	102,000,000	102,000,000	-	3,800,000	311,887	98,200,000	98,200,000
Local Measure A Sales Tax Revenue COPs Series 2013A	2013	2033	35,235,000	31,220,000	31,220,000	-	-	-	31,220,000	29,775,000
Total Certificates of Participation			$ 183,480,000	$ 149,705,000	$ 149,125,000	$ -	$ 3,800,000	$ 679,083	$ 145,325,000	$ 143,880,000
Lease Revenue Bonds										
California Tower Lease Revenue Bonds Series 2003A	2003	2024	$ 26,255,000	$ 12,835,000	$ 11,365,000	$ -	$ -	$ -	$ 11,365,000	$ 11,365,000
California Tower Lease Revenue Bonds Series 2003B	2003	2024	4,810,000	2,090,000	1,840,000	-	-	-	$ 1,840,000	1,840,000
Lease Revenue Refunding Bonds Series 2012A	2012	2033	41,240,000	34,340,000	32,780,000	-	-	-	$ 32,780,000	32,780,000
Total Lease Revenue Bonds			$ 72,305,000	$ 49,265,000	$ 45,985,000	$ -	$ -	$ -	$ 45,985,000	$ 45,985,000
Capital Leases										
Pinnacle #2 - VOIP Phone System	2012	2022	$ 1,650,000	$ 790,944	$ 707,162	$ -	$ 84,779	$ 8,415	$ 622,383	$ 622,383
Pinnacle - Ryan Bonaminio Park Loan	2012	2021	4,000,000	1,746,491	1,539,568	-	-	-	1,539,568	1,329,489
Chase 78 - Police Department Helicopter	2013	2019	1,348,316	233,598	117,289	-	117,289	988	-	-
Chase 79 - Vehicles, Software, and Hardware	2013	2019	3,642,934	631,144	316,896	-	316,896	2,670	-	-
Pinnacle #4 - Vehicles, Software, and Hardware	2013	2018	2,957,221	303,394	303,394	-	303,394	1,820	-	-
BofA #1 - Convention Center, Fox, Muni, RPD Dispatch	2013	2021	3,668,000	1,627,864	1,362,428	-	267,759	11,921	1,094,669	1,094,669
US Bank - Various Vehicles, Software, and Hardware	2014	2022	4,450,000	2,834,325	2,491,654	-	345,929	26,940	2,145,725	2,145,725
BofA #2 - Various Hardware and Software	2017	2025	7,955,000	7,029,935	6,565,262	-	470,169	77,641	6,095,093	6,095,093
BofA #3 - Fire Vehicles and Equipment	2017	2027	14,500,000	13,824,066	13,165,373	-	665,883	143,700	12,499,490	12,499,490
BofA #2 - Water Fund Vehicles Capital Lease	2017	2027	2,305,000	2,094,997	1,989,873	-	106,368	23,532	1,883,505	1,883,505
Electric Fund Vehicles Capital Leases - Various	Various	Various	Various	3,098,177	2,688,275	-	206,637	13,642	2,481,638	2,273,868
Total Capital Leases			$ 46,476,471	$ 34,214,935	$ 31,247,173	$ -	$ 2,885,101	$ 311,269	$ 28,362,072	$ 27,944,223
Interfund Loans[3]										
Riverside Renaissance Debt Service Interfund Loan #73	2011	2020	$ 3,460,000	$ 2,067,816	$ 1,372,003	$ -	$ -	$ -	$ 1,372,003	$ 1,372,003
Riverside Renaissance Debt Service Interfund Loan #79	2011	2019	3,402,000	1,331,681	635,986	-	-	-	635,986	635,986
Reid Park Acquisition Interfund Loan	2011	2028	720,000	546,907	491,478	-	-	-	491,478	491,478
Riverside Golf Course Acquisition Interfund Loan	2011	2028	4,837,500	3,679,750	3,309,146	-	-	-	3,309,146	3,309,146
Utilities Plaza Purchase Interfund Loar	2012	2027	4,469,221	2,660,993	2,367,560	-	-	-	2,367,560	2,367,560
CNG Refueling Station Interfund Loar	2013	2019	1,674,262	334,914	-	-	-	-	-	-
Total Interfund Loans			$ 18,562,983	$ 10,622,061	$ 8,176,173	$ -	$ -	$ -	$ 8,176,173	$ 8,176,173
Private Placement Loans										
Fox Entertainment Plaza Loan	2010	2032	$ 25,000,000	$ 18,255,838	$ 17,733,911	$ -	$ -	$ -	$ 17,733,911	$ 17,201,937
HUD Section 108 Refunding Loan - Mission Village	2011	2018	2,695,000	420,000	420,000	-	420,000	6,552	-	-
Convention Center Expansion Loan[4]	2012	2034	41,650,000	37,356,143	36,433,234	-	475,913	286,681	35,957,321	35,486,415
Total Private Placement Loans			$ 69,345,000	$ 56,031,982	$ 54,587,145	$ -	$ 895,913	$ 293,233	$ 53,691,232	$ 52,688,352

CITY OF RIVERSIDE

Fiscal Year 2018/19 Third Quarter

Outstanding Debt[1]

Debt Type / Issuance	Year Issued	Final Maturity	Total Issue Size	Outstanding Principal Balance 7/1/2018	Outstanding Principal Balance 1/1/2019	Q3 New Debt Issued	Q3 Principal Payments	Q3 Interest Payments	Outstanding Principal Balance 4/1/2019	Projected Principal Balance 6/30/2019
Enterprise Revenue Bonds										
Electric Revenue Refunding Bonds (2008) Series A	2008	2029	$ 84,515,000	$ 70,540,000	$ 65,965,000	$ -	$ -	$ 200,208	$ 65,965,000	$ 34,465,000
Electric Revenue Refunding Bonds (2008) Series C	2008	2035	57,325,000	41,975,000	41,075,000	-	-	127,464	41,075,000	32,150,000
Electric Revenue Bonds (2008) Series D	2008	2038	209,740,000	195,275,000	191,715,000	-	191,715,000	5,448,211	-	-
Electric Revenue Bonds (2010) Series A	2010	2040	133,290,000	133,290,000	133,290,000	-	-	-	133,290,000	133,290,000
Electric Revenue Bonds (2010) Series B	2010	2019	7,090,000	4,650,000	2,210,000	-	-	-	2,210,000	2,210,000
Electric Revenue Bonds (2011) Series A	2011	2035	56,450,000	41,925,000	41,025,000	-	-	252,395	41,025,000	41,025,000
Electric Revenue Refunding Bonds (2013) Series A	2013	2043	79,080,000	39,785,000	38,990,000	-	-	-	38,990,000	38,990,000
Electric Revenue Refunding Bonds (2019) Series A	2019	2048	283,325,000	-	-	283,325,000	-	-	283,325,000	283,325,000
Water Revenue Bonds (2008) Series B	2008	2038	58,235,000	55,415,000	53,880,000	-	53,880,000	1,615,063	-	-
Water Revenue Bonds (2009) Series A	2009	2020	31,895,000	7,255,000	4,630,000	-	-	-	4,630,000	4,630,000
Water Revenue Bonds (2009) Series B	2009	2039	67,790,000	67,790,000	67,790,000	-	-	-	67,790,000	67,790,000
Water Revenue Bonds (2011) Series A	2011	2035	59,000,000	52,425,000	50,950,000	-	26,900,000	791,207	24,050,000	24,050,000
Water Revenue Refunding Bonds (2019) Series A	2019	2048	114,215,000	-	-	114,215,000	-	-	114,215,000	114,215,000
Sewer Revenue Bonds (2009) Series B[5]	2009	2039	204,075,000	195,665,000	-	-	-	-	-	-
Sewer Revenue Bonds (2015) Series A	2015	2040	200,030,000	200,030,000	195,240,000	-	-	4,822,700	195,240,000	195,240,000
Sewer Revenue Bonds (2018) Series A[5]	2018	2039	153,670,000	-	153,670,000	-	-	-	153,670,000	153,670,000
Total Enterprise Revenue Bonds			$ 1,834,645,000	$ 1,107,295,000	$ 1,040,430,000	$ 397,540,000	$ 272,495,000	$ 13,257,248	$ 1,165,475,000	$ 1,125,050,000
State of California Revolving Fund Loans										
Sewer Cogeneration Project Loan	2003	2021	$ 5,374,978	$ 977,586	$ 977,586	$ -	$ 319,195	$ 20,279	$ 658,391	$ 658,391
Total State of California Revolving Fund Loans			$ 13,331,397	$ 1,446,699	$ 977,586	$ -	$ 319,195	$ 20,279	$ 658,391	$ 658,391
Tax Allocation Bonds										
2014 Subordinate Tax Allocation Refunding Bonds Series 2014A	2014	2034	61,250,000	49,795,000	45,835,000	-	-	1,138,375	$ 45,835,000	45,835,000
2014 Subordinate Tax Allocation Refunding Bonds Series 2014B	2014	2024	1,730,000	1,245,000	1,080,000	-	-	18,396	1,080,000	1,080,000
2018 Tax Allocation Refunding Bonds Series 2018A[6]	2018	2034	74,435,000	-	74,435,000	-	-	1,589,956	74,435,000	74,435,000
2018 Tax Allocation Refunding Bonds, Taxable Series 2018B[6]	2018	2033	40,380,000	-	40,380,000	-	-	682,423	40,380,000	40,380,000
Total Tax Allocation Bonds			$ 334,065,000	$ 181,980,000	$ 161,730,000	$ -	$ -	$ 3,429,150	$ 161,730,000	$ 161,730,000
Mello Roos and Assessment District Bonds										
Riverwalk Business Center Assessment District Bonds	2004	2029	$ 3,755,000	$ 2,425,000	$ 2,280,000	$ -	$ -	$ 69,974	$ 2,280,000	$ 2,280,000
Sycamore Canyon Business Park CFD 92-1 Bonds	2005	2034	9,700,000	7,180,000	6,905,000	-	-	180,554	$ 6,905,000	6,905,000
Hunter Park Assessment District Bonds	2006	2036	15,269,906	11,950,000	11,560,000	-	-	298,000	$ 11,560,000	11,560,000
Riverwalk Assessment District Refunding Bonds	2011	2026	7,805,000	5,185,000	4,700,000	-	-	111,147	$ 4,700,000	4,700,000
Auto Center Assessment District Refunding Bonds[7]	2012	2024	4,050,000	2,390,000	2,085,000	-	-	46,319	$ 2,085,000	2,085,000
Riverwalk Vista CFD 2006-1 Bonds	2013	2043	4,415,000	4,120,000	4,035,000	-	-	99,484	$ 4,035,000	4,035,000
Riverwalk Vista CFD 2006-1 Improv Area No.2 2016 Series A	2016	2046	5,505,000	5,440,000	5,370,000	-	-	93,347	$ 5,370,000	5,370,000
Riverwalk Vista CFD 2006-1 Improv Area No.2 2016 Series B	2016	2031	1,275,000	1,130,000	1,065,000	-	-	21,309	$ 1,065,000	1,065,000
Highlands CFD 2014-2 2016 Series A	2016	2046	1,800,000	1,790,000	1,780,000	-	-	28,838	$ 1,780,000	1,780,000
Highlands CFD 2014-2 2016 Series B	2016	2031	810,000	765,000	720,000	-	-	14,044	$ 720,000	720,000
Total Mello Roos and Assessment District Bonds			$ 54,384,906	$ 42,375,000	$ 40,500,000	$ -	$ -	$ 963,016	$ 40,500,000	$ 40,500,000
Total				**$ 1,723,320,677**	**$ 1,621,948,076**	**$ 397,540,000**	**$ 280,395,209**	**$ 19,186,051**	**$ 1,739,092,868**	**$ 1,681,817,139**

[1] Excludes water stock acquisition rights, copier leases, development agreements, and amortization of premiums and discounts on outstanding debt, none of which are material.

[2] Debt service for these bonds is allocated based on the percentage of CalPERS plan employees budgeted in those Funds.

[3] Beginning outstanding principal balance on interfund loans may be less than prior year projected ending balance due to actual FY 2018 pooled interest rate adjustment at end of FY

[4] Debt service for this loan is primarily funded from a voter-approved increase in the transient occupancy tax rate from 11% to 13%.

[5] Sewer 2009B Bonds defeased by Sewer 2018A Refunding Bonds on 11/27/18. 2009B Interest expense includes a cash on hand refunding contribution.

[6] RPFA 2007 Series A, B, C and D Tax Allocation Bonds refunded by the SARDA 2018 Series A and B Tax Allocation Refunding Bonds on 9/30/2018

[7] Under the terms of an existing development agreement, increased incremental sales tax resulting from the expansion of the Auto Center funds the debt service on these bonds.

CASH AND INVESTMENTS
DEBT ADMINISTRATION REPORT
FY 2018/19 THIRD QUARTER UPDATE

Finance Department

City Council
June 18, 2019

RiversideCA.gov

BACKGROUND

1. Cash and Investments and Debt originally included in Quarterly Financial Report and Measure Z Update
2. Improve reporting of treasury and debt administrative activities
   A. Separate process for management of investment and debt
   B. Different metrics of performance for debt and investments
3. Keep Council updated on debt and investment portfolio management

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TREASURY FINANCIAL GOALS

1. Safety of Principal
2. Liquidity for Cash Flow
3. Yield return on investment
   A. Ensure sufficient cash on hand to meet obligations
   B. Adhere to City Investment Policy and bond covenants related to Permitted Investments for Bond Proceeds
   C. Annual requirement to delegate investment authority to Chief Financial Officer/Treasurer

CASH AND TREASURY PERFORMANCE – Q3

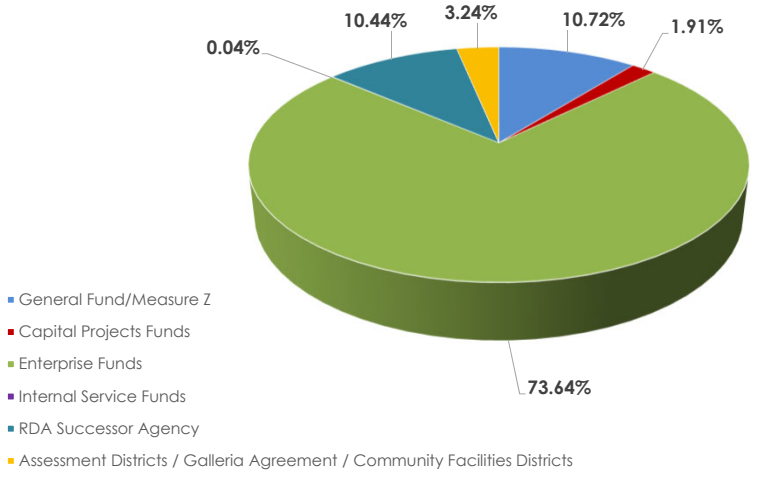
1. Pooled Investment Portfolio - $608 million
2. Investments held by fiscal agents - $162 million
3. Weighted average yield of pooled investment portfolio – 2.123%
4. No fund's cash balance is currently a concern

DEBT SUMMARY ANALYSIS – Q3

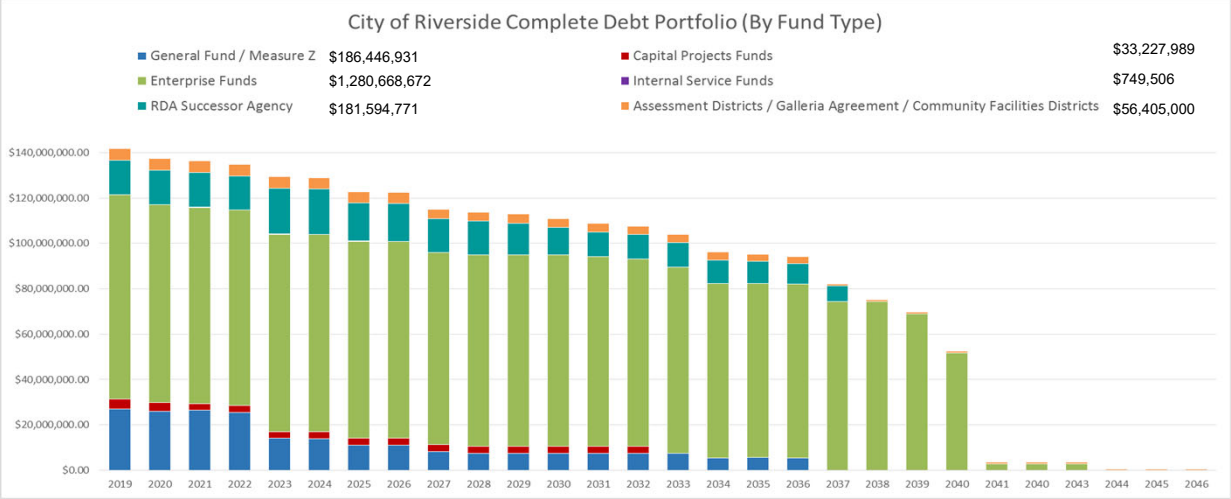
1. Principal Balance increased $117,144,791
2. February – Water and Electric 2019A Issuances
   A. Electric Revenue Bonds 2008D – full refunding ($191,715,000)
   B. Water Revenue Bonds 2008B – full refunding ($53,880,000)
   C. Water Revenue Bonds 2011A – partial refunding/swap unwind ($26,900,000)
   D. Financing for Electric Fund Capital Projects ($103,072,000)
   E. Financing for Water Fund Capital Projects ($52,194,000)

DEBT SUMMARY ANALYSIS – Q3

Debt Portfolio composition



DEBT SUMMARY ANALYSIS – Q3



DEBT ACTIVITIES – Q3

1. Refunding/De-risking Riverside Public Utility Variable Rate Debt- $36.8M Savings Electric, $10.8M Savings Water
2. Refunding 2006 Lease Revenue Certificates of Participation (Galleria at Tyler Public Improvements)
3. Bond Financing for 2019B Lease Revenue Bonds (Main Branch Library)
4. Preparation of FY 2020 Budgets and Council Action Street Lighting Assessment District 1 and Riverwalk and Sycamore Highlands Landscape Maintenance Districts
5. Preparation of FY 2020 budgets for Community Facility Districts and Assessment Districts

RECOMMENDATION

That the City Council receive and provide input on the Fiscal Year 2018/19 Third Quarter Cash and Investments and Debt Report.