City of Arts & Innovation

News Release

FOR IMMEDIATE RELEASE:
April 3, 2026

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City of Riverside Proposed Budget Wrestles with Increased Costs, Decreased Revenues and the Need to Maintain Crucial Services

Riverside remains in a strong fiscal position, but will need to make strategic cost reductions to avoid growing deficits

RIVERSIDE, Calif. – The City of Riverside maintains a strong overall financial position with record reserves but faces increasing uncertainty driven by slowing revenues and rising costs, calling for prudent but immediate action.

That's the central message of the proposed 2026-28 budget that has been developed during the past six months and is now entering its final phase of public scrutiny before adoption by the City Council this summer. The Budget Engagement Commission will review the proposal on April 9, followed by additional review by City boards and commissions. The City Council is scheduled to consider the budget on May 19, with budget approval scheduled for June 23.

The proposed budget includes a series of reductions designed to buffer the impacts of slowing growth in key revenue sources, including property taxes, sales taxes, utility users' taxes, franchise fees and other sources of revenue. These lower than anticipated revenue sources are occurring while the City simultaneously absorbs increases in payroll, healthcare and benefits costs, pensions, claim liabilities, and critical needs.

The budget takes a conservative approach by prioritizing core services, strategically phasing in reductions and minimizing the use of reserves to maintain long-term fiscal stability. Reserves are largely untouched to safeguard against a potentially more severe economic downturn, while maintaining flexibility to adjust spending in future years should revenue exceed current projections.

"This budget represents hundreds of hours of work by City staff and reflects important input from our community, both in person and through an online survey," City Manager Mike Futrell said. "City finances remain strong, and the measures proposed in this budget will keep them that way."

General Fund revenues are projected to decrease by $8.1 million in 2026/27 and $9.1 million in 2027/28. At the same time, expenditures are projected to increase by $19 million in 2026/27 and $25 million in 2027/28.

“With these budget adjustments,” added Futrell, “the City is tightening its belt and living within its means.”

Information about proposed reductions to City departments can be found by reviewing the Budget Engagement Commission agenda when it publishes here.

The current outlook marks a reversal from several years of robust revenue growth from both one-time and ongoing revenue sources. Revenue growth has slowed; expenses continue to escalate. To respond, staff has recommended total cost reductions of $17.95 million in 2026/27 and $22.27 million in 2027/28 across the General Fund and Measure Z, all while mitigating service interruptions.

Anticipated budget approval in June will culminate a journey that started last fall with six in-person community meetings to gather public input on critical needs, followed up by an online community survey designed to reach people who could not attend in person.

Since then, City staff have carefully evaluated service priorities, determining which core services must be maintained, what capital projects should proceed, which ones can be deferred, and what additional investments can be supported.

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