



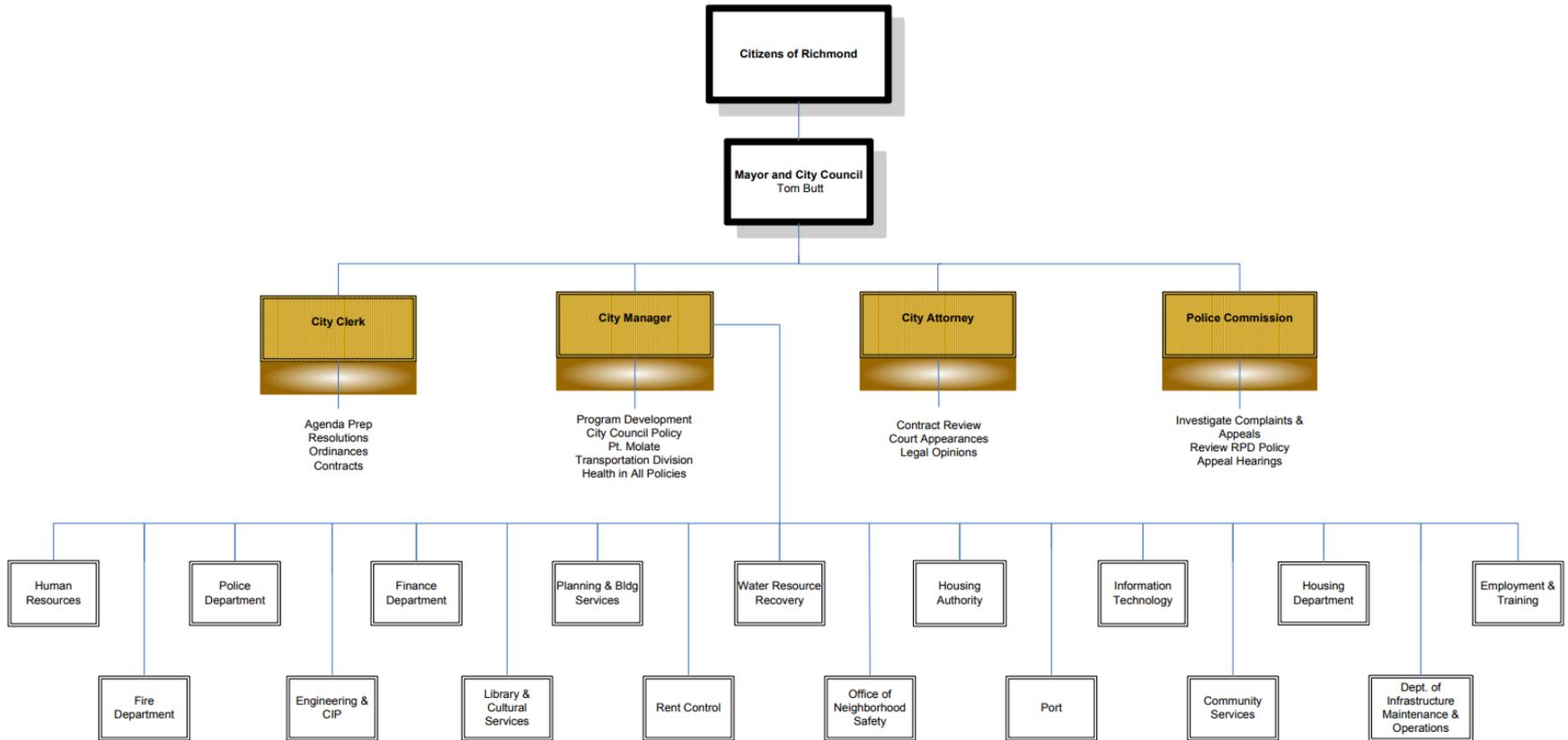
Community Budget Meeting

Fiscal Year 2019-20 Budget Development

May 20, 2019



City Organizational Chart



City Council Strategic Priorities

- ▶ Governance, Finance, and Leadership
- ▶ Full Service and Safe Communities
- ▶ Environment, Health Equity, and Sustainable Communities
- ▶ Residential and Built Environment
- ▶ Economic Development and Education

Budget Process

February

- Mid-year budget review
- Budget kick-off meeting and training

March

- Budget hearings with each City department

April

- Continue budget hearings with City departments
- Preparation of draft budget

May

- Study Session with City Council to review draft budget
- Department presentations to the City Council

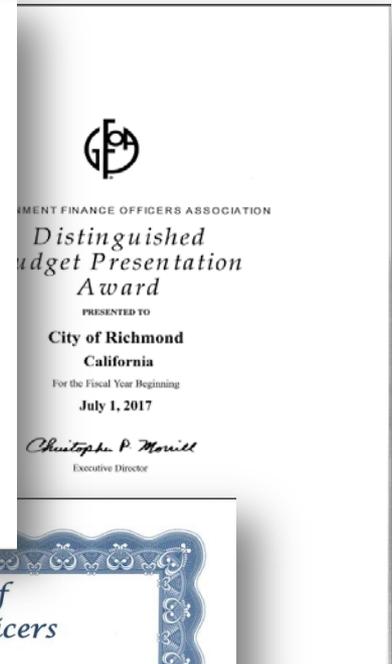
June

- Refinement of budget and preparation of Operating and Capital Improvement Plan budget documents
- Budget adopted by the City Council



Purpose of the Budget

- ▶ Policy document
- ▶ Financial Plan
- ▶ Operations Guide
- ▶ Communications Device



Overall Budget Strategy

- ▶ Adopt a structurally balanced budget that aligns with the City Council's priorities
- ▶ Work toward a reserve level in line with the City Council policy of 15%
- ▶ Increase credit ratings to secure lower bond rates
- ▶ Maintain service levels to meet needs of the community, including public safety, youth services, and street maintenance

Budget Highlights and Challenges

▶ Highlights

- ▶ Ended last four consecutive fiscal years with surplus in the General Fund
- ▶ Cleared historical negative cash balances in other funds
- ▶ Credit rating upgrade

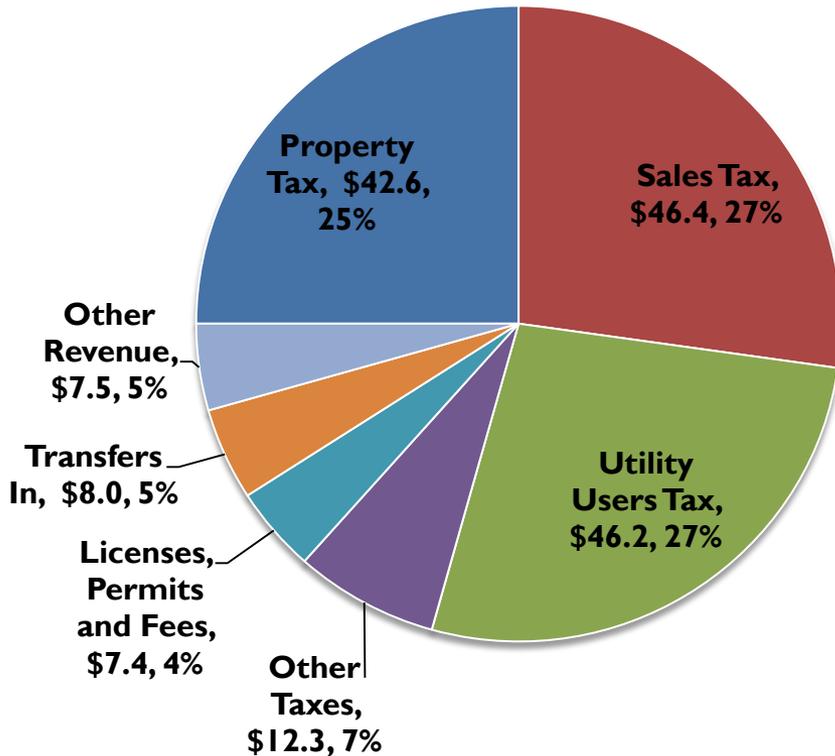
▶ Challenges

- ▶ Long-term obligations, including rising pension costs and other post-employment benefits (OPEB)
- ▶ Expenditures growth outpacing growth in major sources of revenue

General Fund Sources and Uses

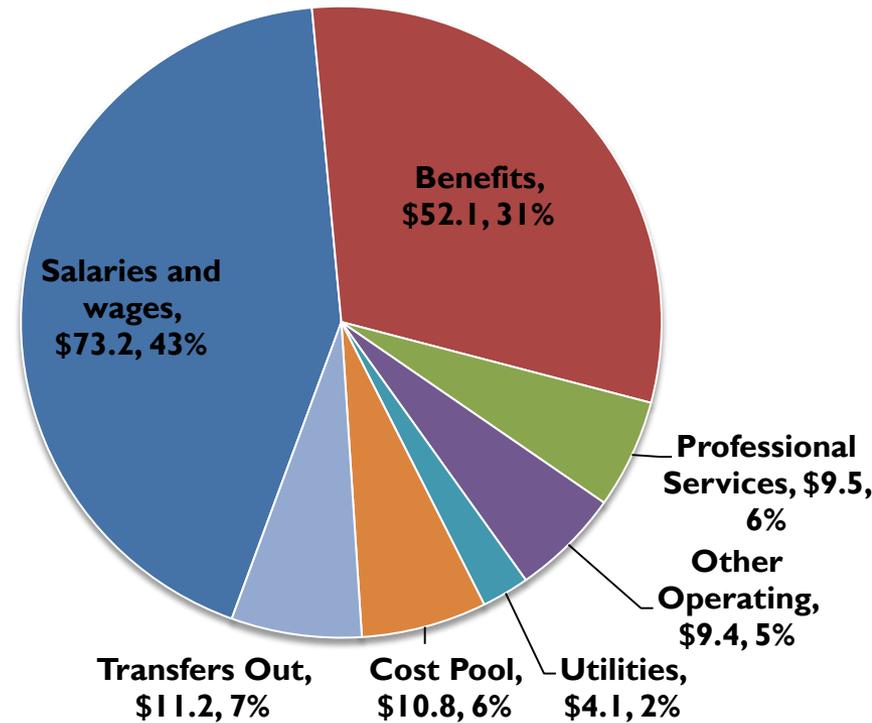
- ▶ Where does the money come from?

FY2018-19 Mid-Year Budget: \$170.4 million



- ▶ Where does the money go?

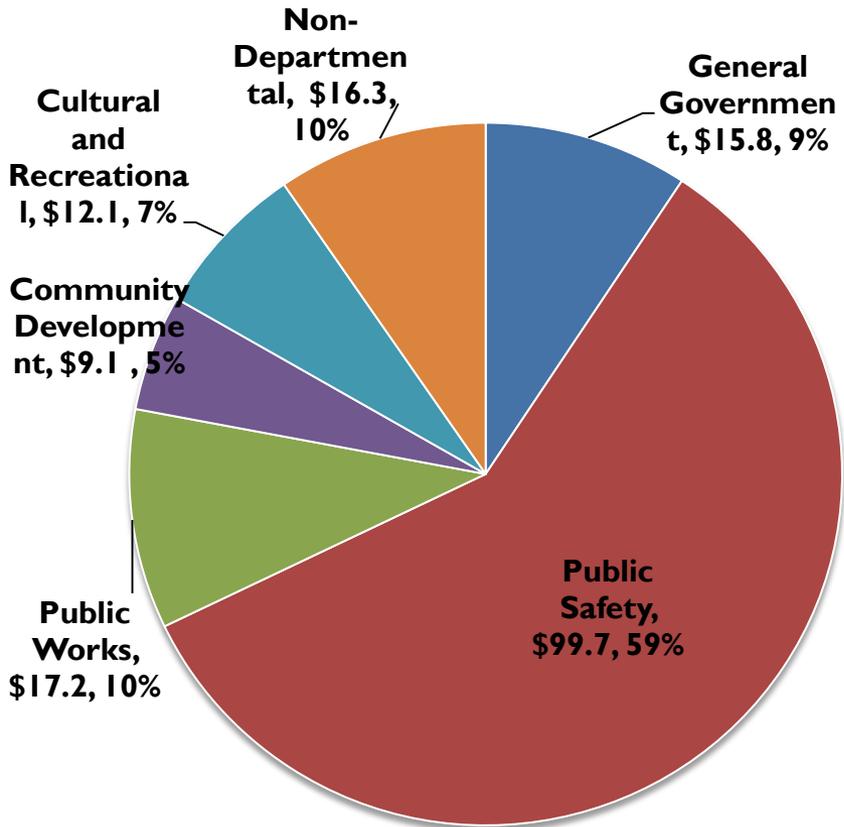
FY2018-19 Mid-Year Budget: \$170.3 million



All Funds Expenditure Budgets

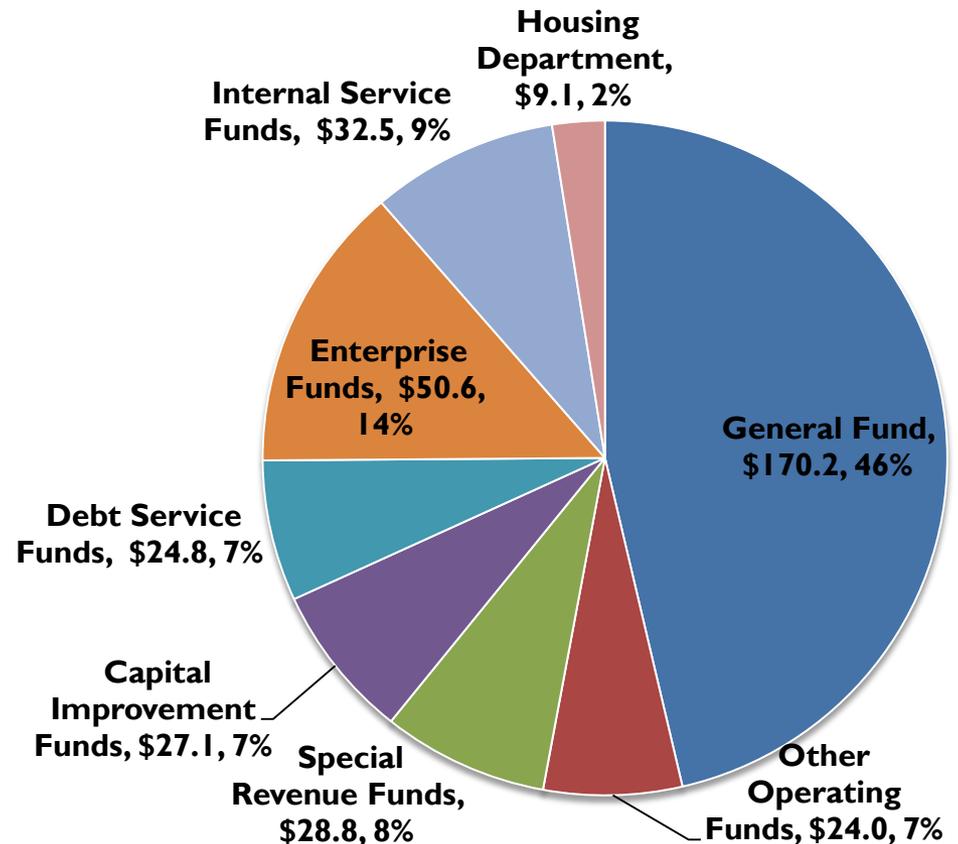
▶ General Fund by Function

FY2018-19 Mid-Year Budget: \$170.3 million

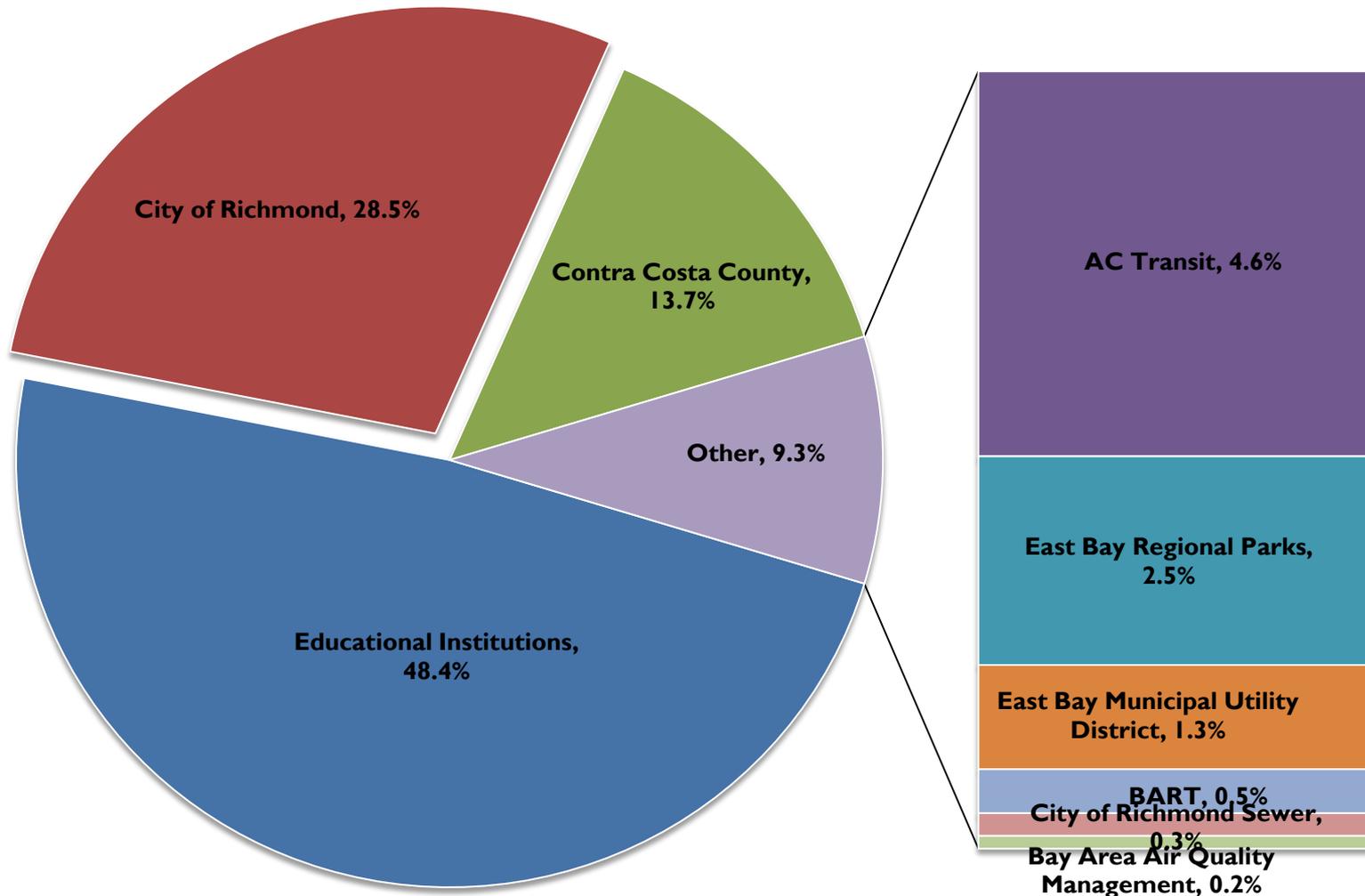


▶ All Funds by Fund Type

FY2018-19 Mid-Year Budget: \$367.1 million



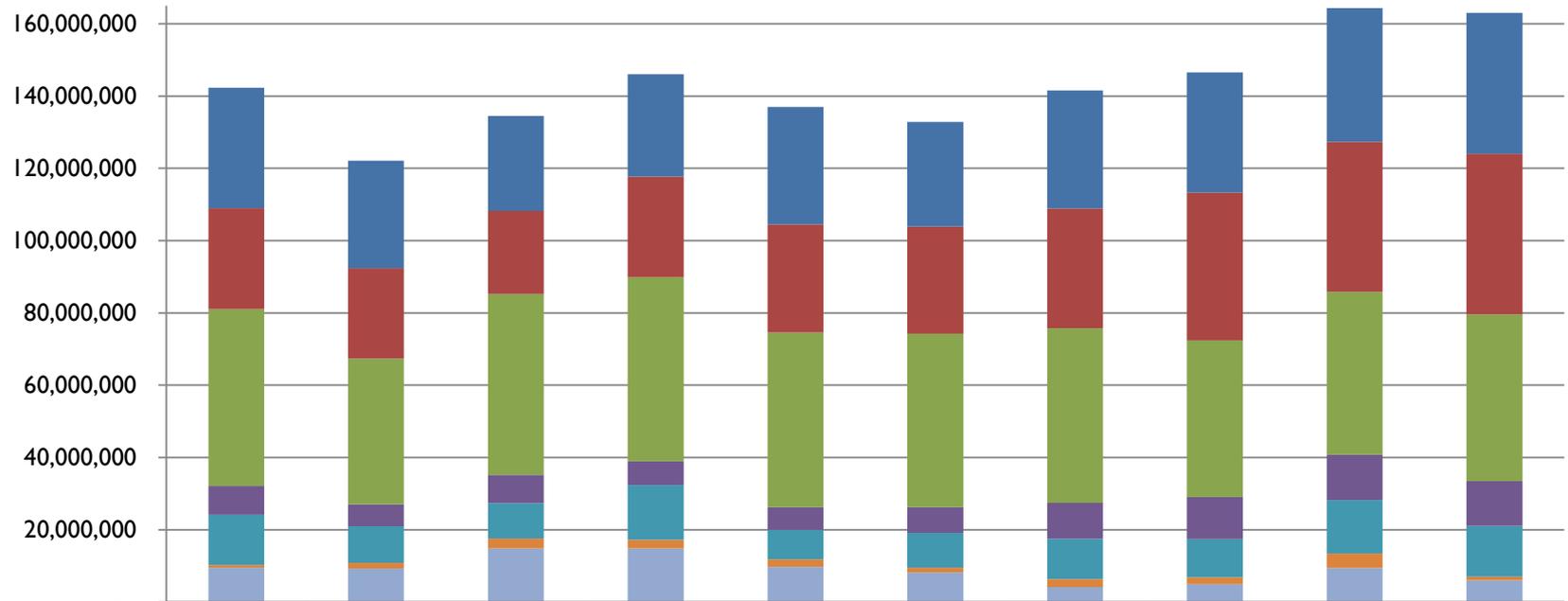
Distribution of 1% Property Tax



Distribution of Sales & Use Tax

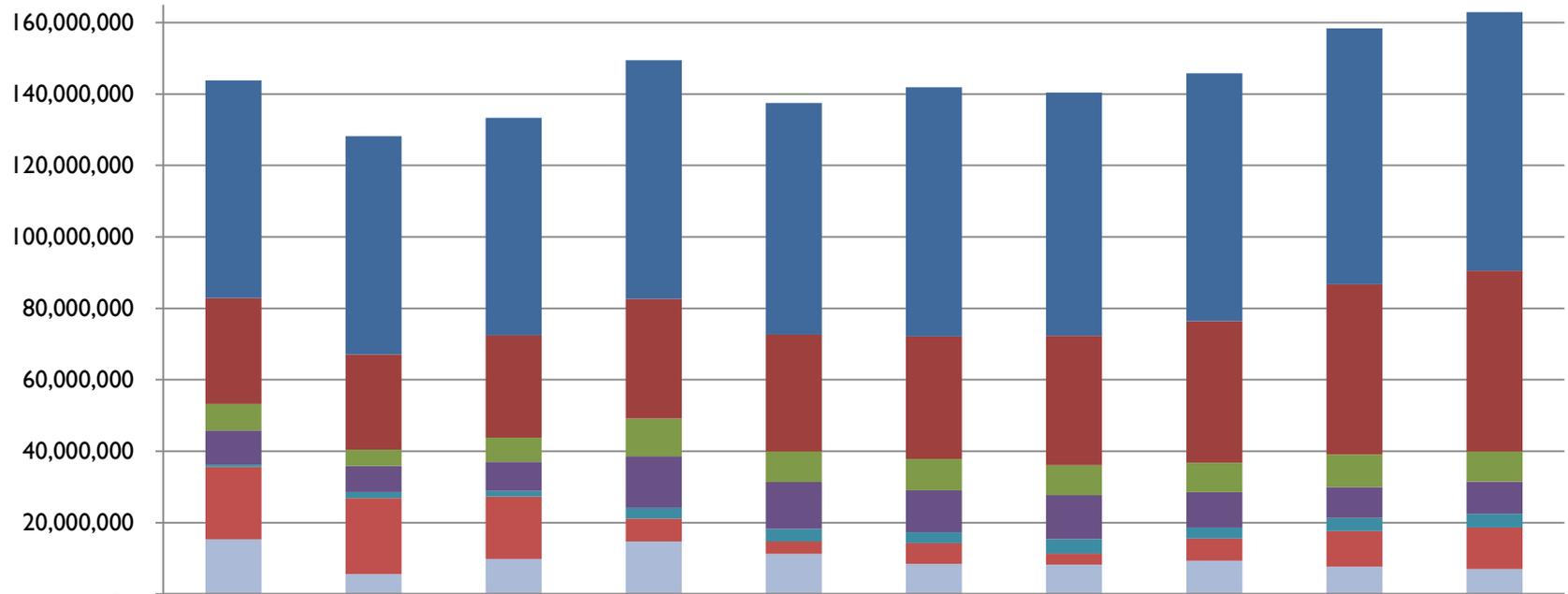
Rate	Jurisdiction	Purpose
3.69%	State	State's General Fund
0.25%	State	State's General Fund
0.50%	State	Local Public Safety Fund to support local criminal justice activities (1993)
0.50%	State	Local Revenue Fund to support local health and social services programs (1991 Realignment)
1.06%	State	Local Revenue Fund 2011
1.25%	Local	0.25% County transportation funds 1.00% City or county operations (Richmond share of the Bradley Burns Sales Tax)
7.25%	State Base	Total Statewide Base Sales and Use Tax Rate
0.50%	Local	Richmond - Measure U (2005)
0.50%	Local	Richmond - Measure Q (2015)
0.50%	Regional	BART (1970)
0.50%	Regional	CCTA (1989)
9.25%	Richmond Rate	Richmond specific rate with local voter approved measures

General Fund Revenue – 10-Year Actuals



	FY08-09	FY09-10	FY10-11	FY11-12	FY12-13	FY13-14	FY14-15	FY15-16	FY16-17	FY17-18
■ Property Taxes	33,296,446	29,746,916	26,277,405	28,359,545	32,489,548	28,950,339	32,711,182	33,232,038	36,970,268	38,961,021
■ Sales & Use Tax	27,922,699	25,000,181	23,025,924	27,788,340	29,865,548	29,627,711	33,131,486	40,877,124	41,620,188	44,474,973
■ Utility Users Tax	48,953,004	40,298,719	50,007,806	50,984,315	48,398,350	48,033,705	48,299,957	43,365,249	44,966,488	46,079,755
■ Other Taxes	7,959,683	6,092,050	7,824,182	6,550,828	6,247,351	7,053,691	9,918,446	11,628,518	12,566,579	12,413,128
■ Other Revenue	13,850,065	10,128,551	9,769,338	15,086,043	8,097,467	9,605,560	11,184,442	10,563,541	14,768,128	14,033,693
■ Grants	747,098	1,544,502	2,759,007	2,445,014	2,088,087	1,355,065	2,218,120	1,906,018	3,977,847	992,080
■ Operating Transfers In	9,525,111	9,301,359	14,830,448	14,826,136	9,773,455	8,193,609	4,106,974	4,951,813	9,468,371	6,035,115
TOTAL	142,254,103	122,112,278	134,494,111	146,040,220	136,959,806	132,819,680	141,570,607	146,524,301	164,337,870	162,989,765

General Fund Expenditures – 10-Year Actuals

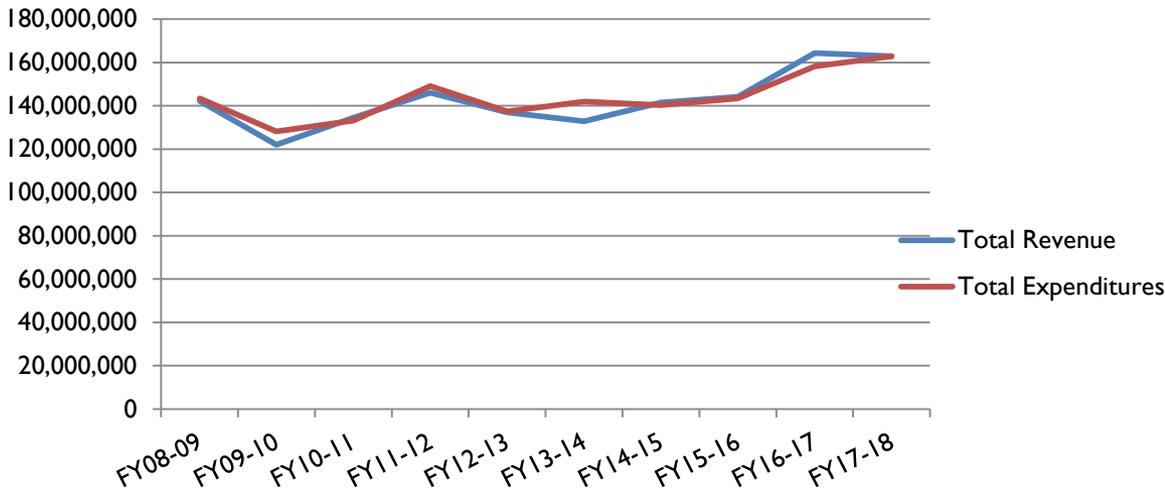


	FY08-09	FY09-10	FY10-11	FY11-12	FY12-13	FY13-14	FY14-15	FY15-16	FY16-17	FY17-18
Salaries & Wages	60,872,527	61,089,191	60,923,402	66,797,823	64,807,644	69,775,900	68,040,390	69,418,362	71,601,220	72,403,121
Benefits	29,666,440	26,679,885	28,554,095	33,505,824	32,721,351	34,249,326	36,225,582	39,649,824	47,624,311	50,545,790
Professional Services	7,360,084	4,529,280	6,782,389	10,540,942	8,600,843	8,832,140	8,407,686	8,167,186	9,112,207	8,556,793
Other Operating	9,595,859	7,314,712	8,154,153	14,511,667	13,100,507	11,752,242	12,273,443	9,938,787	8,693,476	8,901,217
Utilities	681,105	1,666,599	1,575,109	3,002,183	3,547,683	3,091,919	4,069,903	3,050,801	3,604,361	3,823,912
Cost Pool	20,260,063	21,259,775	17,460,734	6,370,003	3,421,215	5,771,909	3,069,837	6,227,535	10,011,347	11,671,871
Transfers Out	15,320,541	5,646,585	9,848,764	14,737,949	11,293,575	8,438,284	8,268,026	9,356,148	7,671,453	7,010,216
TOTAL	143,756,620	128,186,028	133,298,646	149,466,391	137,492,818	141,911,720	140,354,865	145,808,644	158,318,375	162,912,920

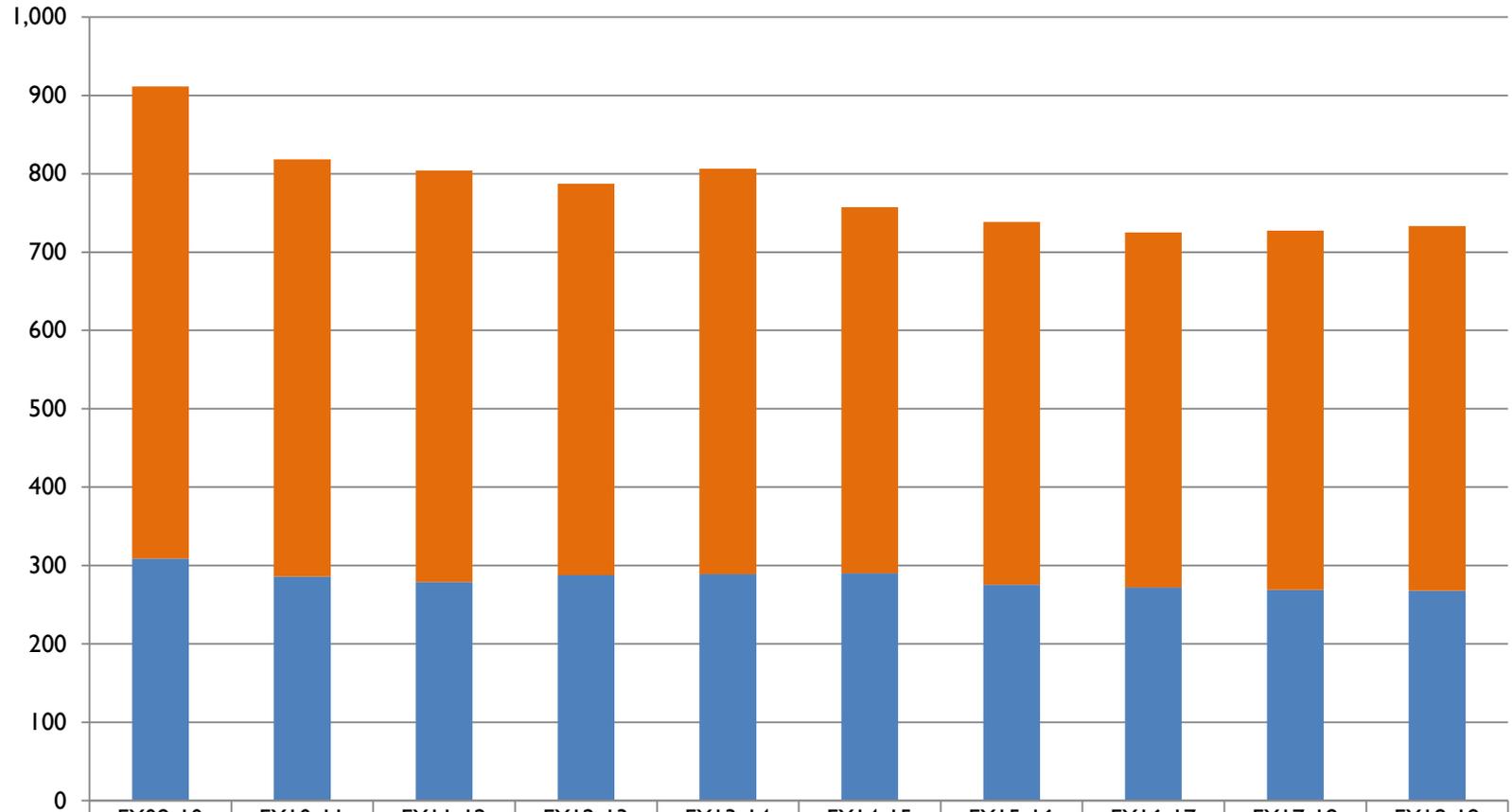


General Fund 10-Year Summary

	FY08-09 Audited Actuals	FY09-10 Audited Actuals	FY10-11 Audited Actuals	FY11-12 Audited Actuals	FY12-13 Audited Actuals	FY13-14 Audited Actuals	FY14-15 Audited Actuals	FY15-16 Audited Actuals	FY16-17 Audited Actuals	FY17-18 Audited Actuals
Total Revenue	142,254,103	122,112,278	134,494,111	146,040,220	136,959,506	132,819,680	141,570,607	146,524,301	164,337,870	162,989,766
Total Expenditures	143,756,20	128,186,028	133,298,646	149,466,391	137,492,818	141,911,720	140,354,865	145,808,644	158,318,375	162,912,721
Surplus/ (Deficit)	(1,502,515)	(6,073,750)	1,273,167	(3,121,234)	(533,012)	(9,092,040)	1,215,742	715,658	6,019,496	77,045



Staffing Levels – 10-Year Summary



	FY09-10	FY10-11	FY11-12	FY12-13	FY13-14	FY14-15	FY15-16	FY16-17	FY17-18	FY18-19
Total	911.4	818.4	804.1	787.1	806.2	757.2	738.7	725.2	727.4	733.2
Non-Sworn	602.4	532.4	525.1	499.1	517.2	467.2	463.2	453.2	458.4	465.2
Sworn	309	286	279	288	289	290	275.5	272	269	268



CalPERS Historical Actuals and Budget

	FY2014-15 Actuals	FY2015-16 Actuals	FY2016-17 Actuals	FY2017-18 Actuals	FY2018-19 Adopted Budget	FY2019-20 Draft Budget
General Fund	14,999,363	16,275,736	18,454,284	21,164,010	24,979,255	30,351,831
Non-General Funds	2,869,962	3,065,454	3,149,766	3,295,840	3,987,704	4,439,836
Total	17,869,325	19,341,190	21,604,050	24,459,850	28,966,959	34,791,667
<i>\$ change</i>	<i>2,114,831</i>	<i>1,471,865</i>	<i>2,262,860</i>	<i>2,855,800</i>	<i>4,507,109</i>	<i>5,824,708</i>
<i>% change</i>	<i>11.9%</i>	<i>8.2%</i>	<i>11.7%</i>	<i>13.2%</i>	<i>18.4%</i>	<i>20.1%</i>

CalPERS Five-Year Rate Projections

► Miscellaneous Employees

	Required Contribution	Projected Future Employer Contributions (Assumes 7.25% Return for Fiscal Year 2017-18)				
Fiscal Year	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Normal Cost %	13.060%	13.9%	13.9%	13.9%	13.9%	13.9%
UAL Payment	9,205,244	10,140,000	11,301,000	12,242,000	12,721,000	13,376,000
<i>Total as a % of Payroll*</i>	<i>37.0%</i>	<i>39.7%</i>	<i>41.9%</i>	<i>43.4%</i>	<i>43.7%</i>	<i>44.4%</i>
<i>Projected Payroll</i>	<i>38,394,295</i>	<i>39,354,327</i>	<i>40,436,571</i>	<i>41,548,577</i>	<i>42,691,163</i>	<i>43,865,170</i>

► Sworn Employees

	Required Contribution	Projected Future Employer Contributions (Assumes 7.25% Return for Fiscal Year 2017-18)				
Fiscal Year	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Normal Cost %	21.609%	23.0%	23.0%	23.0%	23.0%	23.0%
UAL Payment	12,715,008	14,463,000	16,399,000	17,979,000	18,865,000	19,824,000
<i>Total as a % of Payroll*</i>	<i>54.4%</i>	<i>59.4%</i>	<i>63.1%</i>	<i>65.8%</i>	<i>66.7%</i>	<i>67.7%</i>
<i>Projected Payroll</i>	<i>38,755,970</i>	<i>39,725,046</i>	<i>40,817,485</i>	<i>41,939,965</i>	<i>43,093,315</i>	<i>44,278,381</i>

Draft Budget - General Fund Revenue

	FY2018-19 Mid-Year Budget	FY2019-20 Draft Budget	% change
Property Taxes	42,628,543	43,964,458	3.1%
Sales & Use Tax	46,377,434	48,539,771	4.7%
Utility Users Tax	46,213,222	46,670,419	1.0%
Other Taxes	12,300,935	12,426,953	1.0%
Licenses, Permits & Fees	7,385,618	6,580,667	-10.9%
Fines & Forfeitures	922,238	897,604	-2.7%
Charges for Services	3,833,833	3,226,735	-15.8%
Rental Income	890,610	914,650	2.7%
Grants	764,502	679,337	-11.1%
Other Revenue	1,058,497	627,075	-40.8%
Transfers In	8,011,234	8,268,801	3.2%
Total Revenue	170,386,666	172,796,469	1.4%



Draft Budget - General Fund Expenditures

	FY2018-19 Mid-Year Budget	FY2019-20 Draft Budget	% change
Salaries	73,155,270	75,586,033	3.3%
Benefits	52,084,782	58,625,762	12.6%
Professional & Admin Services	9,477,210	9,426,307	-0.5%
Other Operating	7,636,294	7,874,493	3.1%
Utilities	4,058,067	4,287,776	5.7%
Cost Pool	15,173,723	16,062,592	5.9%
Debt Service Expenditures	1,811,725	890,289	-50.9%
A87 Cost Plan Reimbursement	(4,388,871)	(4,914,071)	12.0%
Transfers Out	11,236,050	12,550,450	11.7%
Total Expenditures	170,244,250	180,389,631	6.0%



Draft Budget - General Fund Summary

	FY2019-20 Draft Budget
Total Revenue	172,796,469
Total Expenditures	180,389,631
Shortfall as of 5/7/2019	(7,593,162)



FY2019-20 Draft Budget Updates

- ▶ Draft budget on May 7, 2019 reflected a \$7.5 million gap
- ▶ Various measures being taken to close the budget gap
- ▶ Items under review as potential cost savings/additional revenue:
 - ▶ Property tax revenue
 - ▶ Sales tax revenue
 - ▶ Financing options for vehicle/equipment replacement
 - ▶ Insurance reserve allocations
 - ▶ Subsidies to non-general funds
 - ▶ Across-the-board expenditure reductions
- ▶ Staff will submit a balanced budget on May 28, 2019

Thank You!

Questions?