



CITY OF

Richmond CALIFORNIA

FY2019-20

THIRD QUARTER BUDGET UPDATE

Richmond City Council Meeting
April 21, 2020

Presented by the Finance Department

Presentation Topics

- Status of FY2019-20 Budget and preliminary estimates of impact of COVID-19 on City Finances
- Status of FY2020-21 Budget Development

FY2019-20 Impact of COVID-19 on City Finances

- Stay-at-Home Order issued through May 3, 2020
- Preliminary projections assume impact through 6/30/2020 (year-end)
 - Biggest loss projected in Sales & Use Tax category

FY2019-20 Impact of COVID-19 on City Finances

- Revenue Assumptions - Non-Departmental
 - Property Tax
 - No impact in current fiscal year
 - Sales & Use Tax
 - Overall reduction of 8.5% or \$4.1 million
 - Utility Users Tax (UUT)
 - No significant impact in current fiscal

FY2019-20 Impact of COVID-19 on City Finances

- Revenue Assumptions – Departmental
 - Projecting minimal to no revenue in the fourth quarter
 - Estimated revenue losses:

Licenses, Permits & Fees	-487,015
Fines & Forfeitures	-313,855
Charges for Services	-225,000
Rental Income	-118,613
Other Revenue	-8,786
Total	-1,153,269

**Preliminary estimates that are subject to change as new developments occur*

FY2019-20 Impact of COVID-19 on City Finances

- Expenditure Assumptions
 - Community Services
 - Estimated reduction of \$340,982 or 30% in part-time temporary staff
- Salaries and benefits may change
- No other reductions proposed

Employee Compensation

Since March 16th:

- All full-time staff (essential and non-essential) was fully compensated without the use of accruals, with very few exceptions
- Temporary employees were paid through March 31st and asked to file for unemployment and informed the City would not contest their claims

Employee Compensation Policy Options

If Shelter-in-Place Order Remains:

- **Option A** allows for full compensation of all city staff with the use of accruals for time they are not working
- **Option B** continues the current course of action and extends paid leave to employees (without requiring the use of accruals) who are unable to work full-time through May 31, 2020

Next Steps: City Council Presentation on April 28, 2020

FY2019-20 Impact of COVID-19 on City Finances

General Fund – All Revenues

GENERAL FUND-0001	FY2019-20			FY2019-20 PROJECTION 04/13/2020	% YTD Coll.	% Budget Reduction
	CURRENT YR ACTUALS	CY REV BUDGET	PROJECTED REDUCTIONS			
	Period 9	Period 13				
30 PROPERTY TAXES	(23,691,494)	(43,897,435)	-	(43,897,435)	54.0%	0.0%
31 SALES & USE TAX	(27,013,882)	(48,356,233)	4,125,064	(44,231,169)	61.1%	-8.5%
32 UTILITY USERS TAX	(36,862,588)	(46,278,438)	110,213	(46,168,225)	79.8%	-0.2%
33 OTHER TAXES	(8,376,740)	(12,841,286)	(536,376)	(13,377,662)	62.6%	4.2%
34 LICENSES, PERMITS & FEES	(5,300,247)	(6,514,667)	619,735	(5,894,932)	89.9%	-9.5%
35 FINES & FORFEITURES	(485,472)	(941,160)	314,058	(627,102)	77.4%	-33.4%
36 USE OF MONEY&PROPRTY	(93,877)	(236,079)	-	(236,079)	39.8%	0.0%
37 CHARGES FOR SERVICES	(1,993,466)	(3,688,840)	250,000	(3,438,840)	58.0%	-6.8%
38 OTHER REVENUE	(184,914)	(270,996)	18,786	(252,210)	73.3%	-6.9%
39 RENTAL INCOME	(742,986)	(946,529)	118,613	(827,916)	89.7%	-12.5%
3A INTERGOV STATE TAXES	(87,405)	(65,000)	22,405	(42,595)	205.2%	-34.5%
3C INTERGOV STATE GRANT	(639,281)	(809,740)	-	(809,740)	78.9%	0.0%
3D INTERGOV OTHER GRANT	(267,706)	(314,076)	-	(314,076)	85.2%	0.0%
60 PROC FR SLE PROP	(32,835)	(55,000)	-	(55,000)	59.7%	0.0%
90 OPER XFERS IN	(8,960,944)	(11,565,857)	1,919,042	(9,646,815)	92.9%	-16.6%
GENERAL FUND REVENUES	(114,733,837)	(176,781,337)	6,961,540	(169,819,797)	67.6%	-3.9%

**Preliminary estimates that are subject to change as new developments occur*

FY2019-20 Impact of COVID-19 on City Finances

General Fund – Departmental Revenues

GENERAL FUND - DEPARTMENTAL	FY2019-20				% YTD Coll.	% Budget Reduction
	CURRENT YR ACTUALS	CY REV BUDGET	PROJECTED REDUCTIONS	REVISED BUDGET		
33 OTHER TAXES	(127,716)	-	-	-	100.0%	0.0%
34 LICENSES, PERMITS & FEES	(2,325,911)	(3,264,467)	487,015	(2,777,452)	71.2%	-14.9%
35 FINES & FORFEITURES	(267,102)	(580,957)	313,855	(267,102)	46.0%	-54.0%
37 CHARGES FOR SERVICES	(1,993,304)	(3,536,840)	225,000	(3,311,840)	56.4%	-6.4%
38 OTHER REVENUE	(106,895)	(220,996)	8,786	(212,210)	48.4%	-4.0%
39 RENTAL INCOME	(587,962)	(625,229)	118,613	(506,616)	94.0%	-19.0%
3C INTERGOV STATE GRANT	(502,328)	(672,787)		(672,787)	74.7%	0.0%
3D INTERGOV OTHER GRANT	(267,706)	(314,076)		(314,076)	85.2%	0.0%
60 PROC SALE OF PROP	(32,835)	(55,000)		(55,000)	59.7%	0.0%
90 OPER XFRS IN	(124,526)	(186,778)		(186,778)	66.7%	0.0%
TOTAL GF DEPARTMENTAL	(6,336,286)	(9,457,130)	1,153,269	(8,303,861)	67.0%	-12.2%

**Preliminary estimates that are subject to change as new developments occur*

FY2019-20 Impact of COVID-19 on City Finances

General Fund – Expenditures

GENERAL FUND-0001	FY2019-20					
	CURRENT YR	CY REV	PROJECTED	FY2019-20	%	%
	ACTUALS	BUDGET	REDUCTIONS	PROJECTION	YTD	Budget
	Period 9	Period 13			Expended	Reduction
40 SALARIES & WAGES	55,134,525	76,532,911	(340,982)	76,191,929	72.4%	-0.6%
41 BENEFITS	40,894,440	54,904,417		54,904,417	74.5%	0.0%
42 PROF & ADMIN	5,178,736	10,069,862		10,069,862	51.4%	0.0%
43 OTHER OPERATING	4,067,121	5,276,330		5,276,330	77.1%	0.0%
44 UTILITIES	2,877,198	4,467,662		4,467,662	64.4%	0.0%
45 EQPT & CONTRACT SVCS	1,559,594	2,239,442		2,239,442	69.6%	0.0%
46 PROV FOR INSURANCE LOSS	4,329	4,643		4,643	93.2%	0.0%
47 COST POOL	10,225,538	13,634,097		13,634,097	75.0%	0.0%
48 ASSET/CAPITAL OUTLAY	64,347	323,994		323,994	19.9%	0.0%
49 DEBT SVC EXPENDITURE	634,638	890,289		890,289	71.3%	0.0%
4A A87 COST PLAN REIMB.	(3,465,210)	(4,518,250)		(4,518,250)	76.7%	0.0%
50 GRANT EXPENDITURES	101,434	251,094		251,094	40.4%	0.0%
91 OPER XFRS OUT	8,092,927	12,704,654		12,704,654	63.7%	0.0%
GENERAL FUND REVENUES	125,369,617	176,781,145	(340,982)	176,440,163	71.1%	-0.3%

**Preliminary estimates that are subject to change as new developments occur*

FY2019-20 Impact of COVID-19 on City Finances

General Fund Summary

	FY2019-20 Adopted Budget	FY2019-20 Mid-Year Budget	FY2019-20 Projected Budget
Total GF Revenues	(176,218,420)	(176,781,337)	(169,819,797)
Total GF Expenditures	176,208,965	176,781,145	176,440,163
(Surplus)/Deficit	(9,456)	(191)	6,620,366

**Preliminary estimates that are subject to change as new developments occur*

FY2019-20 Impact of COVID-19 on City Finances

Non-General Fund Revenue Reductions

	Fines & Forfeitures	Licenses, Permits & Fees	Total
Library Fund	-10,000		-10,000
CR Planning & Building		-219,032	-219,032
Total			-229,032

Note: No other impacts to Non-General Funds

FY2019-20 Potential Delayed Impacts

- The following areas may be impacted later as the COVID-19 situation continues to evolve:
 - Property Tax
 - Sales & Use Tax
 - Gas Tax
 - Charges for Services
 - Rental Income
 - Licenses, Permits & Fees
 - Fines & Forfeitures
 - Grants
 - Benefits costs (medical, pension, OPEB)

FY 2019-20 Richmond Housing Authority

- Amended budget deficit of \$2.5 million
 - Add to debt owed to the City
- HUD operating subsidy continues to be inadequate
- City subsidy needed until public housing assets repositioned
 - Repayment agreement will be drafted

FY2020-21 Budget Kick-off

- Highlights
 - Last five fiscal years ended with a surplus
 - Reserves increased from 7% to 11%
 - Cured negative cash balances in other funds
 - Maintained healthy credit ratings

FY2020-21 Budget Kick-off

- Challenges
 - Structural challenges with one-time fixes
 - Reserves \$7 million below 15% minimum
 - Slow growth and losses in major revenue sources
 - Pension and OPEB costs
 - Historical negative cash balances
 - Deferred maintenance and capital improvements

FY2020-21 Budget Development

- Current budget informs next year's budget
- Revenue projections assume COVID-19 impacts and anticipated recession
- Expenditure projections reflect baseline without COVID-19 impacts

FY2020-21 Budget Development

- Items not included in the budget:
 - New positions
 - Promotions
 - Transfers to fund deferred maintenance

FY2020-21 General Fund Revenue Summary

	FY2019-20 MID-YEAR BUDGET	FY2019-20 REVISED BUDGET	FY2020-21 PROJECTED BUDGET	\$ CHANGE	% CHANGE
PROPERTY TAXES	(43,897,435)	(43,897,435)	(43,928,806)	(31,371)	0.1%
SALES & USE TAX	(48,356,233)	(44,231,169)	(44,995,626)	(764,457)	1.73%
UTILITY USERS TAX	(46,278,438)	(46,168,225)	(43,606,312)	2,561,913	-5.6%
OTHER TAXES	(12,841,286)	(13,377,662)	(12,398,074)	979,588	-7.3%
LICENSES,PRMITS&FEES	(6,514,667)	(5,894,932)	(6,793,570)	(898,638)	15.2%
FINES & FORFEITURES	(941,160)	(627,102)	(948,157)	(321,055)	51.2%
USE OF MONEY&PROPRTY	(236,079)	(236,079)	(236,079)	-	0.0%
CHARGES FOR SERVICES	(3,688,840)	(3,438,840)	(3,023,440)	415,400	-12.1%
OTHER REVENUE	(270,996)	(252,210)	(176,496)	75,714	-30.0%
RENTAL INCOME	(946,529)	(827,916)	(952,123)	(124,207)	15.0%
INTERGOV STATE TAXES	(65,000)	(42,595)	(87,405)	(44,810)	105.2%
INTERGOV STATE GRANT	(809,740)	(809,740)	(100,000)	709,740	-87.7%
INTERGOV OTHER GRANT	(314,076)	(314,076)	(167,856)	146,220	-46.6%
PROC FR SLE PROP	(55,000)	(55,000)		55,000	-100.0%
OPER XFERS IN	(11,565,857)	(9,646,815)	(8,542,234)	1,104,581	-11.5%
TOTAL REVENUES	(176,781,337)	(169,819,796)	(165,956,178)	3,863,618	-2.3%

**Preliminary estimates that are subject to change as new developments occur*

FY2020-21 General Fund Expenditure Summary

	FY2019-20 MID-YEAR BUDGET	FY2019-20 REVISED BUDGET	FY2020-21 PROJECTED BUDGET	\$ CHANGE	% CHANGE
SALARIES AND WAGES	76,532,911	76,191,929	76,312,040	120,111	0.2%
PYRLL/FRINGE BENEFIT	54,904,417	54,904,417	63,502,905	8,598,488	15.7%
PROF & ADMIN	10,069,862	10,069,862	10,573,732	503,870	5.0%
OTHER OPERATING	5,276,330	5,276,330	4,990,858	(285,472)	-5.4%
UTILITIES	4,467,662	4,467,662	4,165,982	(301,680)	-6.8%
EQPT & CONTRACT SVCS	2,239,442	2,239,442	2,165,494	(73,948)	-3.3%
PROVISN FOR INS LOSS	4,643	4,643	3,143	(1,500)	-32.3%
COST POOL	13,634,097	13,634,097	18,428,606	4,794,509	35.2%
ASSET/CAPITAL OUTLAY	323,994	323,994	5,061,178	4,737,184	1462.1%
DEBT SVC EXPENDITURE	890,289	890,289	1,375,767	485,479	54.5%
A87 COST PLAN REIMBS	(4,518,250)	(4,518,250)	(4,518,250)	-	0.0%
GRANT EXPENDITURES	251,094	251,094	40,000	(211,094)	-84.1%
OPER XFERS OUT	12,704,654	12,704,654	10,974,029	(1,730,625)	-13.6%
TOTAL EXPENDITURES	176,781,145	176,440,163	193,075,485	16,635,322	9.4%
NET (SURPLUS)/DEFICIT	(192)	6,620,367	27,119,307	20,498,940	309.63%

*Preliminary estimates that are subject to change as new developments occur

Conclusion/Next Steps

- Preliminary budget projections to be scrubbed
- COVID-19 and anticipated recession present significant challenges
- Staff identifying cost-savings and revenue generating opportunities
- Items due to City Council on May 5, 2020:
 - The FY2020-21 Draft Budget
 - Status report of revenue generation strategies

Thank you

Questions?