



CITY OF

Richmond CALIFORNIA

Status of Fiscal Year 2020-21 Draft Budget

Presented by the Finance Department
Richmond City Council Meeting
May 5, 2020

COVID-19 Headlines

More than 2,100 U.S. cities brace for budget shortfalls due to coronavirus, survey finds, with many planning cuts and layoffs

Coronavirus: El Cerrito faces \$4 million in cuts next fiscal year, city official says

Elk Grove stares down \$13.7 million budget shortfall as COVID-19 wreaks economic havoc

California Cities Warn Of 'Great Depression' From Looming \$7 Billion Budget Chasm

CalPERS loses \$69 billion in biggest market losses since Great Recession

Coronavirus Is Pushing LA County And City Budgets Off A Fiscal Cliff

With COVID-19 Expected To Cut Into Local Budgets, Cities Consider Cuts, Furloughs

South Bay cities brace for budget cuts, layoffs after coronavirus

Lafayette reduces police, maintenance, training; library hours will be covered by other sources for next year

San Diego mayor proposes major budget cuts to offset COVID-19 revenue losses

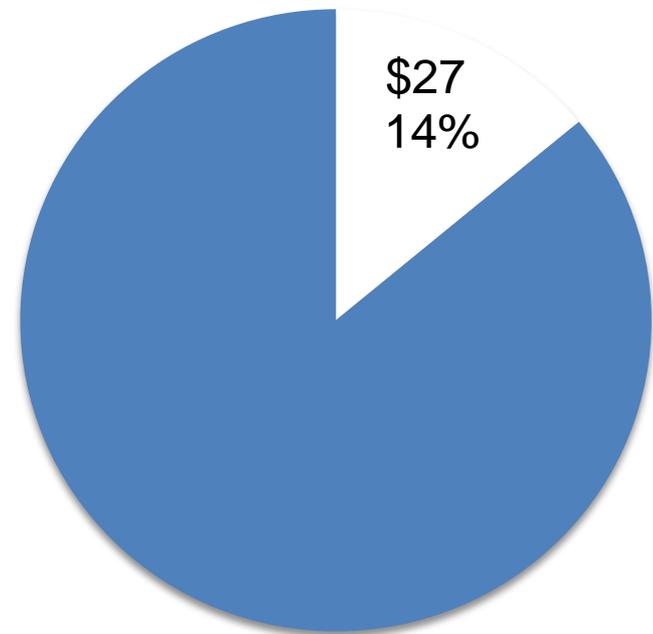
Budget Goals

- Structurally balanced budget
- Preserve services to the extent possible
- Consider impacts of COVID-19 on services
- Minimize staff reductions
- Maintain bond ratings

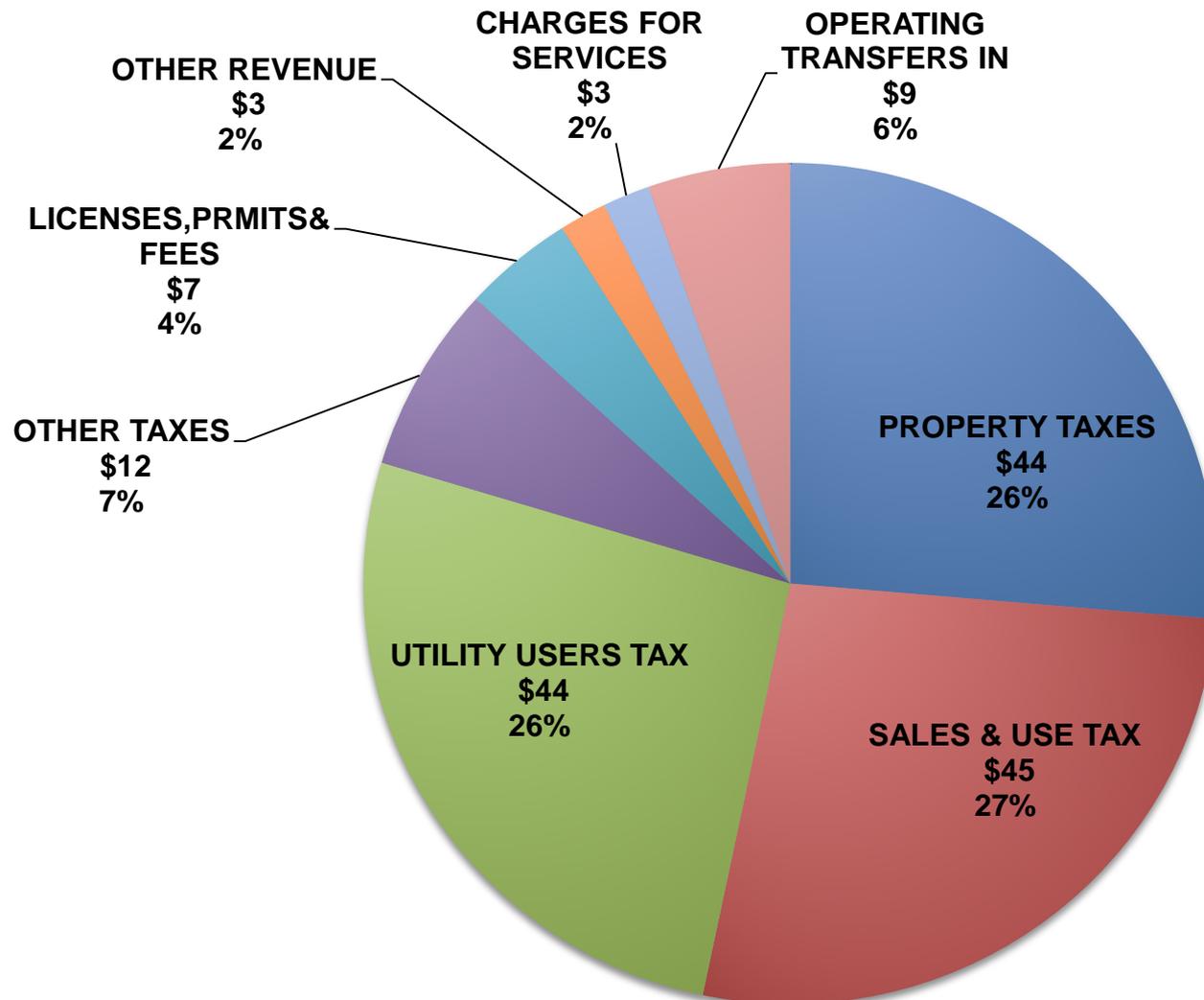
Current Budget Status

FY2020-21 draft budget deficit (\$27 million):

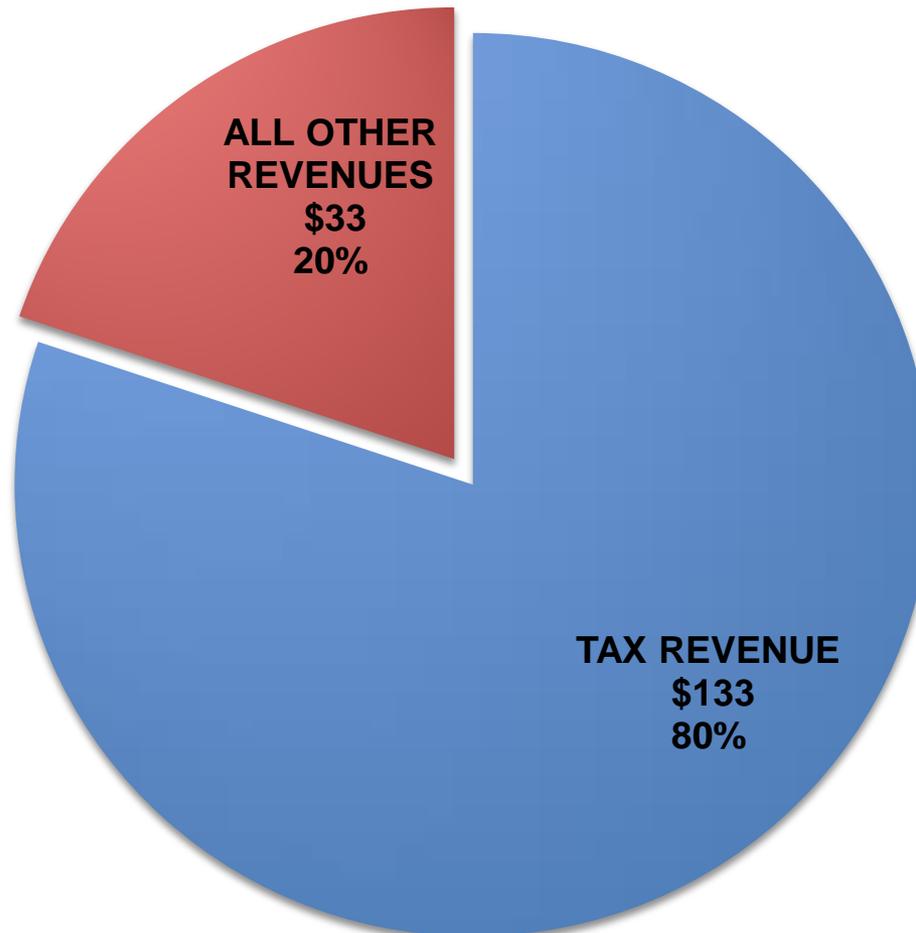
- Total revenues = \$166 million
- Total expenditures = \$193 million



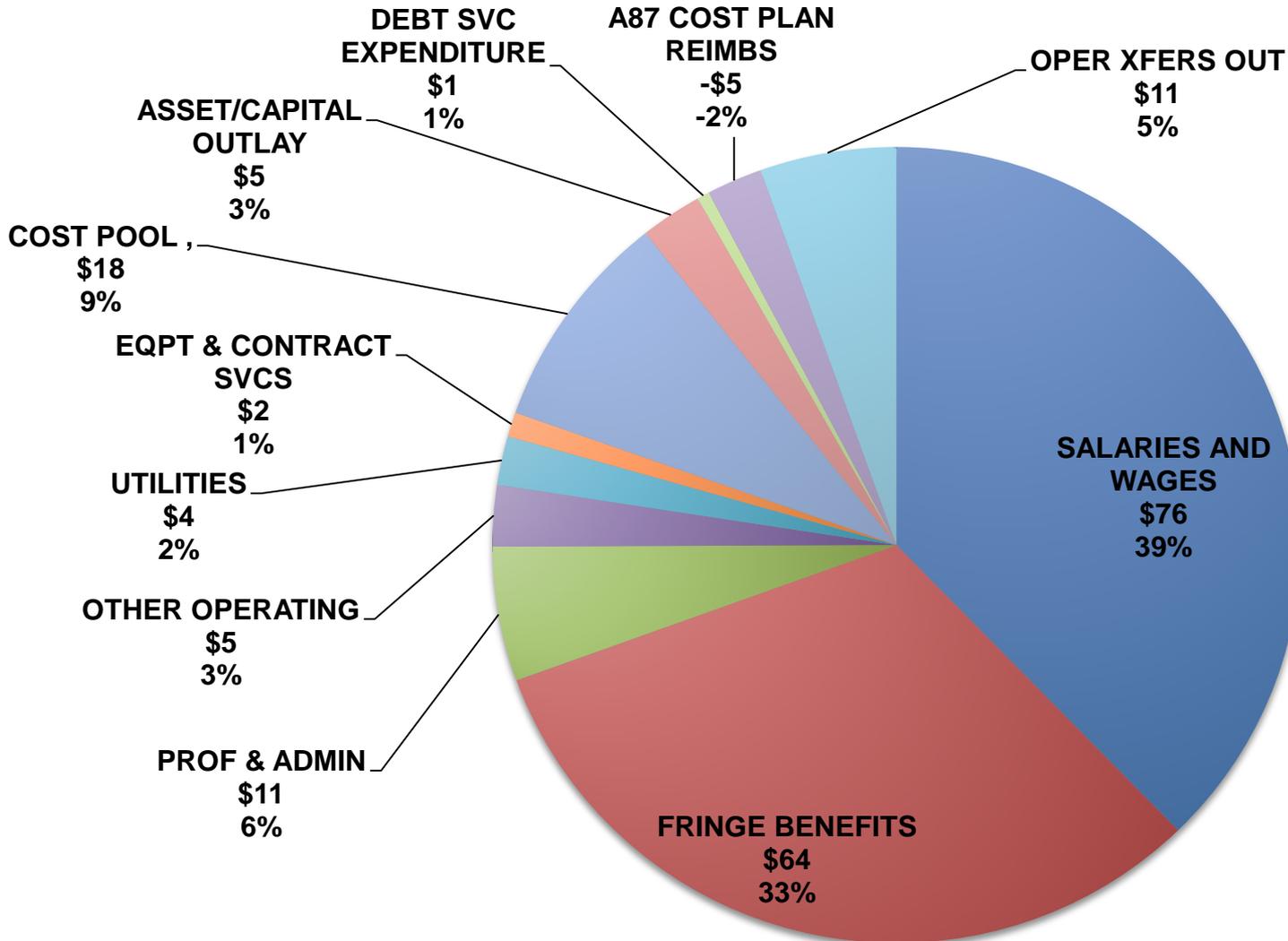
FY2020-21 Draft General Fund Revenues: \$166 million



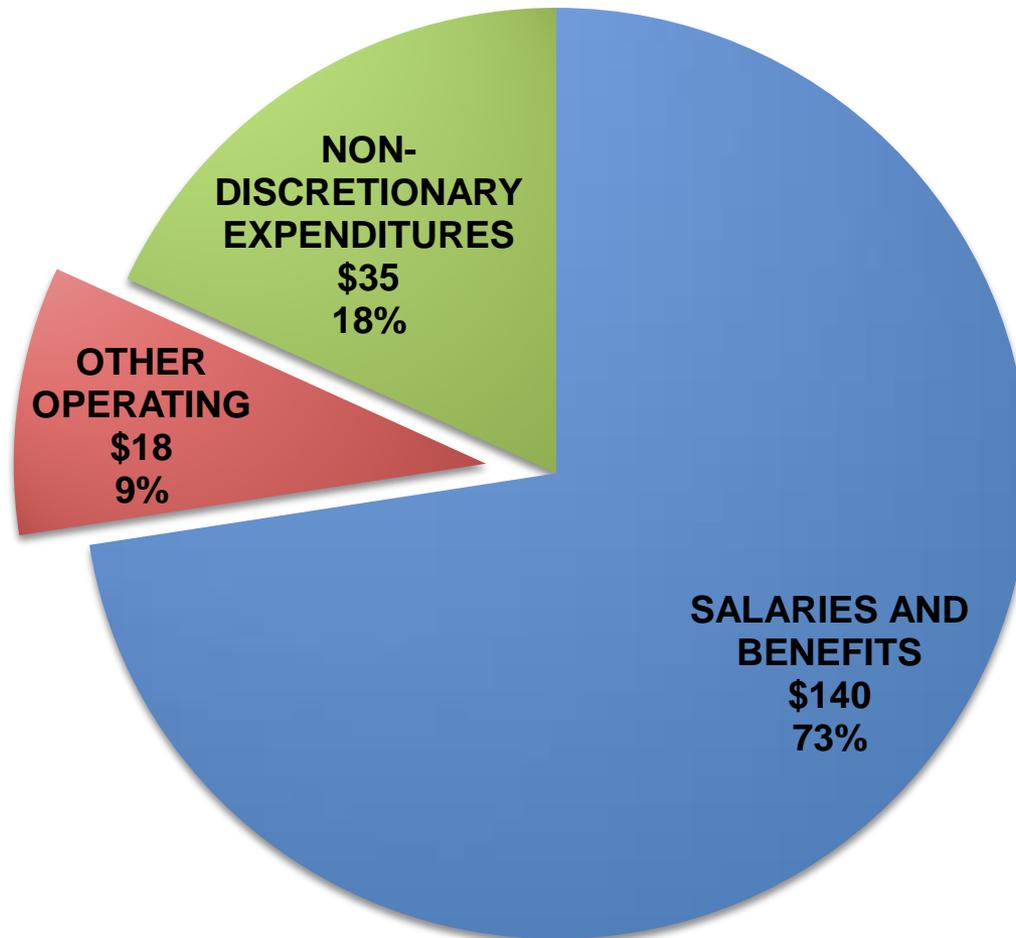
FY2020-21 Draft General Fund Revenues: \$166 million



FY2020-21 Draft General Fund Expenditures: \$193 million



FY2020-21 Draft General Fund Expenditures: \$193 million



Revenue and Budget Balancing Measures

Revenue Enhancements

- Fees
- Administrative practice
- Ballot measures

Budget Balancing Measures

- General operating items
- Meet and confer items
- Items requiring additional analysis and costing
- Staff reductions



Ad Hoc Budget Committee Recommendations

Structural vs. One-time Solutions

Structural

- Increase revenue
- Reduce service and staff levels

One-time

- Defer maintenance/improvements
- Funding on-going costs with one-time revenue
- Lower insurance reserve confidence levels
- Use reserves

Implications of Using Reserves

- Reserve balance
 - As of 6/30/19: 11% of 15% policy goal
 - As of 6/30/20 (est.): 7% of 15% policy goal
 - Historical negative cash balances in non-general funds remain
- One-time fix
- Bond rating could be impacted
- Falls to less than one month of expenditures
- City at higher risk in another emergency

Next Steps

- Begin process of selecting and implementing strategies
 - Refer to list of potential budget balancing strategies
 - Initiate concession bargaining
- Refine budget projections and cost saving estimates
- Make decisions on budget balancing solutions

Thank you

Questions/Comments?