



CITY OF

Richmond CALIFORNIA

ITEM I-1: FY2020-21 Budget Balancing Proposal

Richmond City Council Meeting
Finance Department
June 16, 2020

ITEM I-1

PROVIDE direction on implementing budget balancing proposal- City Manager's Office/Finance Department

Agenda

- Budget Updates
- Budget Balancing Proposals
- Comparison of Budget Reductions
- Next Steps

Budget Goals

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

Budget Updates

Budget Updates

#	Strategy - General Operating Items	FY2019-20 Estimated Cost Savings	FY2020-21 Estimated Cost Savings
	<u>BEGINNING DEFICIT</u>	(\$6,961,540)	(\$29,543,872)
1	Credit card processing fees		90,000
2	Eliminate festivals	11,000	300,000
3	Discontinue Fire consulting contract		100,000
4	Eliminate 1% across-the-board cost of living adjustments		1,300,000
5	Institute hiring freeze for some positions/vacancy savings	2,408,000	3,154,211
6	Reduce department operating budgets	1,113,001	1,427,952
7	Reduce pool cars	5,000	20,000
8	Eliminate matching funds for campaigns		100,000
9	Fund community programs with ECIA funding		325,000
10	Reduce recreation programs	340,982	991,278
11	Reduce insurance reserves to 70% confidence level		3,029,873
12	Reduce equipment/vehicle replacement		1,295,000
13	Fund information technology replacement with a capital lease		3,300,000
	ESTIMATED COST SAVINGS - May 26, 2020	<u>3,877,983</u>	<u>15,433,314</u>

Budget Updates cont'd.

#	Strategy - General Operating Items	FY2019-20 Estimated Cost Savings	FY2020-21 Estimated Cost Savings
14	Additional vacancies for hiring freeze		3,110,376
15	Additional reductions to department operating budgets		308,800
16	Eliminate replacement of Fire pumper		795,000
17	Eliminate replacement one street sweeper		280,000
18	Move one Code Enforcement Officer to Planning fund		150,600
19	Unanticipated documentary transfer tax receipt	1,095,764	
	ADDITIONAL ESTIMATED COST SAVINGS - June 2, 2020	<u>1,095,764</u>	<u>4,644,776</u>
	TOTAL "Bucket 1" ESTIMATED COST SAVINGS	<u>4,973,747</u>	<u>20,078,090</u>
20	Police Lieutenant was inadvertently marked for hiring freeze		(286,249)
	REVISED TOTAL "Bucket 1" ESTIMATED COST SAVINGS	<u>4,973,747</u>	<u>19,791,840</u>
	REMAINING DEFICIT BALANCE	(\$1,987,793)	(\$9,752,031)

Budget Updates cont'd.

After 6.9.2020 Council Meeting

#	Strategy - General Operating Items	FY2019-20 Estimated Cost Savings	FY2020-21 Estimated Cost Savings
21	Reduce citywide overtime		1,000,000
22	Additional vacancies included in hiring freeze		2,889,336
24	Eliminate City Council travel/training		25,000
25	Reduce compensation study		50,000
26	Reduce Police special services revenue -WCCUSD Board voted against funding School Resource Officers		(900,000)
27	Additional RPTTF pass-through revenue	680,000	
28	City Manager's Office budget reductions	173,000	28,077
29	Franchise fee 7.5% increase	432,000	893,784
30	Decrease Police parking enforcement revenue due to position being frozen		(116,191)
31	Eliminate vacancy savings factor		(600,000)
	ESTIMATED COST SAVINGS	<u>1,285,000</u>	<u>3,270,006</u>
	REVISED TOTAL "Bucket 1" ESTIMATED COST SAVINGS	6,258,747	23,061,847
	REMAINING DEFICIT BALANCE	(\$702,793)	(\$6,482,025)

Budget Balancing Proposals

Budget Balancing Proposals

	Proposal A	Proposal B	Proposal C	Proposal D
Number of staff reductions (non-sworn)	53	13	0	0
Amount included for union accommodations*	\$0	\$4.92M	\$6.75M	\$9.9M
Salary reductions due to furloughs (non-sworn)	0%	9%	9%	13.5%
Sworn furlough equivalencies	0%	0%	8%	12.5%
Sworn 1% COLA (RPOA, RPMA, Fire 188)	0%	1%	1%	1%
Fire station brownouts	0	\$900,000	0	0
*Additional number of staff reductions (non-sworn) if <u>no</u> union accommodations received	0	40	53	53

Proposal A

Beginning Deficit	(29,543,872)
Deductions:	
<i>"Bucket" 1: General Operating</i>	
Staff Recommendations - Council-approved 5.26.2020	15,433,314
Additional vacancies included in hiring freeze	2,824,126
Human Resources - Additional departmental savings	33,800
Police - Additional departmental savings	200,000
Information Technology - Additional departmental savings	75,000
Fire - Eliminate replacement of pumper	795,000
Public Works - Eliminate replacement of one sweeper	280,000
Code Enforcement - Move one Code Enforcement Officer to Planning	150,600
Reduce citywide overtime	1,000,000
Additional vacancies included in hiring freeze	2,889,336
Eliminate Council travel/training	25,000
Reduce compensation study	50,000
Reduce Police special services revenue--WCCUSD Board voted against funding School Resource Officers	(900,000)
City Manager's Office budget reductions	28,077
Franchise fee 7.5% increase	893,784
Decrease Police parking enforcement revenue due to position being frozen	(116,191)
Eliminate vacancy savings	(600,000)
Subtotal	23,061,846
<i>"Bucket" 2: Meet and Confer with Bargaining Units:</i>	
Assumes no accommodations	-
Subtotal	-
<i>"Bucket" 3: Items to Consider After Exhausting Others</i>	
Staff reductions - 53 Non-sworn (based on average cost of \$152,631/employee)	8,089,443
Staff reductions - Sworn	-
Estimated payouts	(1,607,417)
Subtotal	6,482,026
Total Deductions:	29,543,872
Ending (Deficit)/Surplus	0

Proposal B

Beginning Deficit	(29,543,872)
Deductions:	
<i>"Bucket" 1: General Operating</i>	
Staff Recommendations - Council-approved 5.26.2020	15,433,314
Additional vacancies included in hiring freeze	2,824,126
Human Resources - Additional departmental savings	33,800
Police - Additional departmental savings	200,000
Information Technology - Additional departmental savings	75,000
Fire - Eliminate replacement of pumper	795,000
Public Works - Eliminate replacement of one sweeper	280,000
Code Enforcement - Move one Code Enforcement Officer to Planning	150,600
Reduce citywide overtime	1,000,000
Additional vacancies included in hiring freeze	2,889,336
Eliminate Council travel/training	25,000
Reduce compensation study	50,000
Reduce Police special services revenue--WCCUSD Board voted against funding School Resource Officers	(900,000)
City Manager's Office budget reductions	28,077
Franchise fee 7.5% increase	893,784
Decrease Police parking enforcement revenue due to position being frozen	(116,191)
Eliminate vacancy savings	(600,000)
Subtotal	23,061,846
<i>"Bucket" 2: Meet and Confer with Bargaining Units:</i>	
SEIU 1021 contributions to OPEB & Medical	594,000
Eliminate professional development for 1 year	280,200
24 Furlough days (~9% salary reductions)	2,535,120
Sworn furlough equivalencies	-
RPOA, Fire 188, RPMA 1% COLA	532,888
Eliminate car allowances	77,860
Fire Station brownouts	900,000
Subtotal	4,920,068
<i>"Bucket" 3: Items to Consider After Exhausting Others</i>	
Staff reductions - 13 Non-sworn (based on average cost of \$152,631/employee)	1,984,203
Staff reductions - Sworn	-
Estimated payouts	(422,245)
Subtotal	1,561,958
Total Deductions:	29,543,872
Ending (Deficit)/Surplus	0

Proposal C

Beginning Deficit	(29,543,872)
Deductions:	
<i>"Bucket" 1: General Operating</i>	
Staff Recommendations - Council-approved 5.26.2020	15,433,314
Additional vacancies included in hiring freeze	2,824,126
Human Resources - Additional departmental savings	33,800
Police - Additional departmental savings	200,000
Information Technology - Additional departmental savings	75,000
Fire - Eliminate replacement of pumper	795,000
Public Works - Eliminate replacement of one sweeper	280,000
Code Enforcement - Move one Code Enforcement Officer to Planning	150,600
Reduce citywide overtime	1,000,000
Additional vacancies included in hiring freeze	2,889,336
Eliminate Council travel/training	25,000
Reduce compensation study	50,000
Reduce Police special services revenue--WCCUSD Board voted against funding School Resource Officers	(900,000)
City Manager's Office budget reductions	28,077
Franchise fee 7.5% increase	893,784
Decrease Police parking enforcement revenue due to position being frozen	(116,191)
Eliminate vacancy savings	(600,000)
Subtotal	23,061,846
<i>"Bucket" 2: Meet and Confer with Bargaining Units:</i>	
SEIU 1021 contributions to OPEB & Medical	594,000
Eliminate professional development for 1 year	280,200
24 Furlough days (~9% salary reductions)	2,535,120
Sworn furlough equivalencies (~8% reductions)	2,728,372
RPOA, Fire 188, RPMA 1% COLA	532,888
Eliminate car allowances	77,860
Subtotal	6,748,440
<i>"Bucket" 3: Items to Consider After Exhausting Others</i>	
Staff reductions - Non-sworn (based on average cost of \$152,631/employee)	
Staff reductions - Sworn	-
Estimated payouts	
Subtotal	-
Total Deductions:	29,810,286
Ending (Deficit)/Surplus	266,414

Proposal D

Beginning Deficit	(29,543,872)
Deductions:	
<i>"Bucket" 1: General Operating</i>	
Staff Recommendations - Council-approved 5.26.2020	15,433,314
Additional vacancies included in hiring freeze	2,824,126
Human Resources - Additional departmental savings	33,800
Police - Additional departmental savings	200,000
Information Technology - Additional departmental savings	75,000
Fire - Eliminate replacement of pumper	795,000
Public Works - Eliminate replacement of one sweeper	280,000
Code Enforcement - Move one Code Enforcement Officer to Planning	150,600
Reduce citywide overtime	1,000,000
Additional vacancies included in hiring freeze	2,889,336
Eliminate Council travel/training	25,000
Reduce compensation study	50,000
Reduce Police special services revenue--WCCUSD Board voted against funding School Resource Officers	(900,000)
City Manager's Office budget reductions	28,077
Franchise fee 7.5% increase	893,784
Decrease Police parking enforcement revenue due to position being frozen	(116,191)
Eliminate vacancy savings	(600,000)
Subtotal	23,061,846
<i>"Bucket" 2: Meet and Confer with Bargaining Units:</i>	
SEIU 1021 contributions to OPEB & Medical	594,000
Eliminate professional development for 1 year	280,200
36 Furlough days (~13.5% salary reductions)	3,802,680
Sworn furlough equivalencies (~12.5% salary reductions)	4,604,127
RPOA, Fire 188, RPMA 1% COLA	532,888
Eliminate car allowances	77,860
Subtotal	9,891,755
<i>"Bucket" 3: Items to Consider After Exhausting Others</i>	
Staff reductions - Non-sworn (based on average cost of \$152,631/employee)	0
Staff reductions - Sworn	0
Estimated payouts	0
Subtotal	0
Total Deductions:	32,953,601
Ending (Deficit)/Surplus	3,409,729

Budget Balancing Proposals

	Proposal A	Proposal B	Proposal C	Proposal D
Number of staff reductions (non-sworn)	53	13	0	0
Amount included for union accommodations*	\$0	\$4.92M	\$6.75M	\$9.9M
Salary reductions due to furloughs (non-sworn)	0%	9%	9%	13.5%
Sworn furlough equivalencies	0%	0%	8%	12.5%
Sworn 1% COLA (RPOA, RPMA, Fire 188)	0%	1%	1%	1%
Fire station brownouts	0	\$900,000	0	0
*Additional number of staff reductions (non-sworn) if <u>no</u> union accommodations received	0	40	53	53

Comparison of Budget Reductions

Comparison of Budget Reductions

- Union proposed budget reductions = \$9,769,509
- City budget reductions already captured = \$6,221,031
- Variance = \$3,548,478

Key Differences Between Union and City Proposed Reductions:	
Vehicle replacement	\$1,700,000
Technology replacement	1,000,000
Police training and equipment	284,519
Compensation study	200,000
Labor negotiations	115,000
Fire Training	51,400
Other citywide training and operating expenses	197,259
Total	\$3,548,478

Next Steps

Next Steps

- City Council to provide direction to staff on which options to implement and/or modifications on the options
- June 23, 2020
 - Adoption of FY 2020-21 annual operating budget
 - Adoption of FY 2020-21 to FY 2024-25 Capital Improvement Plan
- June 30, 2020 (need to confirm if special meeting scheduled)
 - FY 2020-21 RHA Budget

Thank you

Questions/Comments