



CITY OF

*Richmond* CALIFORNIA

# ITEM G-1: FY2020-21 Budget Adoption

Richmond City Council Special Meeting  
Finance Department  
June 30, 2020

# ITEM G-1

ADOPT resolutions approving:

- Fiscal Year 2020-21 Annual Operating Budget and
- Fiscal Years 2020-21 to 2024-25 Capital Improvement Plan Budget

# Agenda

- Budget Goals
- Budget Overview & Financial Impact
- Recommendations for Closing the Gap
- Budget Updates
- 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 Overview & Financial Impact

- FY 20-21 balanced budget with budgeted revenues equal to budgeted expenditures at \$165.2M
- Addresses an estimated \$29.5M deficit
  - 80%+ of the measures did not directly impact full-time filled positions
  - 62% was addressed by one-time fixes
- Proposal C - \$5.3M in union accommodations

# Recommendations for Closing the Gap

#	Recommendations	Estimated Amount
1	Reserves	\$885,000
2	Offset subsidies to community-based organizations by transferring to ECIA	400,000
3	Staff reductions (attrition)	600,000
4	Public Works vehicle reductions	135,000
5	Police Department vehicle reductions	280,000
6	Accommodations	3,000,000
	<b>Total</b>	<b>\$5,300,000</b>

# Budget Updates

# Budget Development Process

- **March - April 2020**
  - Budget kick-off
  - Budget input and hearings with departments
  
- **May - June 2020**
  - Budget presentations to Council
  - Ad hoc committee, union budget meetings, management & leadership team meetings
  - Preliminary 5-year budget forecast presentation
  - Community budget hearings

# Budget Updates

#	Strategy - General Operating Items	FY2019-20 Estimated Cost Savings	FY2020-21 Estimated Cost Savings
	<b><u>BEGINNING DEFICIT</u></b>	<b>(\$6,961,540)</b>	<b>(\$29,543,872)</b>
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
	<b>ESTIMATED COST SAVINGS - May 26, 2020</b>	<b><u>3,877,983</u></b>	<b><u>15,433,314</u></b>

# 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	
	<b>ADDITIONAL ESTIMATED COST SAVINGS</b>	<b><u>1,095,764</u></b>	<b><u>4,644,776</u></b>
	<b>TOTAL "Bucket 1" ESTIMATED COST SAVINGS</b>	<b><u>4,973,747</u></b>	<b><u>20,078,090</u></b>
20	Police Lieutenant was inadvertently marked for hiring freeze		(286,249)
	<b>REVISED TOTAL "Bucket 1" ESTIMATED COST SAVINGS – June 2, 2020</b>	<b><u>4,973,747</u></b>	<b><u>19,791,840</u></b>
	<b>REMAINING DEFICIT BALANCE</b>	<b>(\$1,987,793)</b>	<b>(\$9,752,031)</b>

# 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)
	<b>ESTIMATED COST SAVINGS</b>	<b><u>1,285,000</u></b>	<b><u>3,270,006</u></b>
	<b>REVISED TOTAL "Bucket 1" ESTIMATED COST SAVINGS - June 9, 2020</b>	<b>6,258,747</b>	<b>23,061,847</b>
	<b>REMAINING DEFICIT BALANCE</b>	<b>(\$702,793)</b>	<b>(\$6,482,025)</b>

# Budget Updates cont'd.

## After 6.16.2020 Council Meeting

#	Strategy - General Operating Items	FY2019-20 Estimated Cost Savings	FY2020-21 Estimated Cost Savings
32	Freeze:		
	Police Lieutenant		286,249
	Police Officers (2)		465,902
	Police Sergeant		261,604
	Groundskeeper/Gardener (2); Parks Construction & Maintenance Worker (split btwn. Parks and Marina Bay)		183,856
33	City Council - reduce sister city travel		6,000
34	Economic Development - reduce travel/training		12,100
35	Human Resources - eliminate compensation study		200,000
36	ONS - add 2 Neighborhood Change Agents (divert funding from frozen Police Lieutenant)		(227,694)
	<b>ESTIMATED COST SAVINGS</b>	<b><u>0</u></b>	<b><u>1,188,017</u></b>
	<b>REVISED TOTAL "Bucket 1" ESTIMATED COST SAVINGS - June 16, 2020</b>	<b>6,258,747</b>	<b>24,249,864</b>
	<b>REMAINING DEFICIT BALANCE</b>	<b>(\$702,793)</b>	<b>(\$5,294,008)</b>

# Revenue Budget Assumptions

- COVID-19 impacts approximately \$10M
- Sales Tax - overall reduction of \$7.4M
  - Most impacted by COVID-19
- Property Taxes - flat growth
- Utility Users Tax - overall reduction of \$2.7M
- Other Taxes - low growth

# General Fund Revenue Summary

<b>Estimated Beginning Balance 7/1/2020</b>	<b>\$19,534,660</b>
<b>REVENUES:</b>	
Property Taxes	43,928,806
Sales & Use Tax	40,995,626
Utility Users Tax	44,506,312
Other Taxes	13,704,709
Licenses, Permits & Fees	6,479,388
Fines & Forfeitures	831,966
Interest Income	236,079
Charges for Services	3,381,868
Other Revenue	196,496
Rental Income	952,123
Intergov State Taxes	87,405
Grants	546,184
Proceeds from Sale of Property	55,000
Operating Transfers In	9,258,229
<b>TOTAL REVENUES</b>	<b>165,160,191</b>

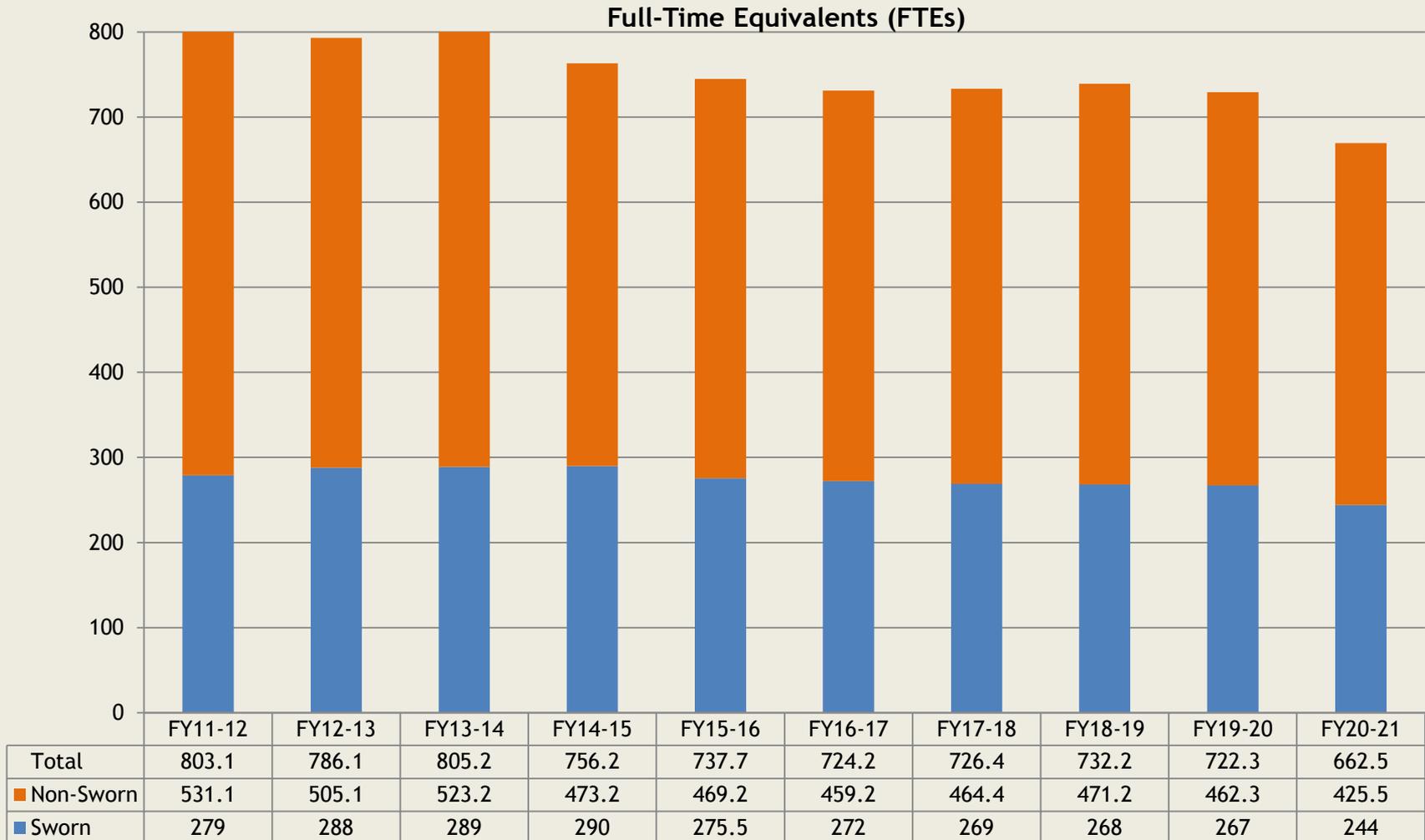
# Expenditure Budget Assumptions

- Personnel Costs
  - No growth in salaries
  - Most significant growth in benefits costs
- Other Operating Costs
  - Departmental budgets remain at baseline
  - Major increase is in cost pool for technology replacement

# General Fund Expenditure Summary

<b>EXPENDITURES:</b>	
Salaries & Wages	71,789,370
Benefits	58,554,789
Professional & Admin Services	9,998,918
Other Operating	5,227,563
Utilities	4,548,320
Equipment & Contract Services	2,113,661
Insurance	3,143
Cost Pool	14,139,253
Asset/Capital Outlay	460,468
Debt Service Expenditures	2,049,749
A87 Cost Plan Reimbursement	(3,516,104)
Grant Expenditures	40,000
Operating Transfers Out	4,961,206
<i>Accommodations/ Other Savings</i>	(5,210,145)
<b>TOTAL EXPENDITURES</b>	<b>165,160,191</b>
Net Surplus	-
<b>Estimated Ending Balance</b>	<b>\$19,534,660</b>

# Staffing Levels 10-Year Summary



# Position Control

- Full-time equivalents (FTEs)
  - Beginning total = 722 FTEs
  - Frozen = 59 FTEs
  - Revised total = 663 FTEs
- Requests for position control changes not included in the budget

# All Funds Budgets

All Funds	FY2020-21
General Fund	\$165,160,191
Other Operating	26,185,512
Special Revenues	30,235,787
Capital Improvement	37,939,059
Debt Service	22,840,107
Enterprise	43,182,523
Internal Service	26,719,262
Housing Department	3,986,907
<b>TOTAL</b>	<b>\$356,249,348</b>

# Capital Improvement Budget - \$37.9M

## State gas tax

- Street paving program - \$2.5M
- Castro Ranch Road - \$1.4M

## Measure C/J

- I-80 Central Interchange Phase II - \$2.3M
- ADA Miscellaneous Sidewalk Repairs - \$600,000

## Bond Proceeds (Wastewater)

- Dechlorination System Replacement - \$3.5M
- Sludge Thickener Replacement - \$5.2M

## Grants

- Harbour 8 Park Expansion - \$8.5M
- Yellow Brick Road - \$5.2M

# Fiscal Challenges

- Cash reserves below 15% policy target
- Pension and Other Post-Employment Benefits (OPEB) costs continue to grow
- Deferred maintenance and capital improvements on aging infrastructure
- Negative cash balances remain at \$8.7 million
- Richmond Housing Authority's support from the City's General Fund

# Next Steps

# Next Steps

- Recommending City Council adoption of
  - Proposed FY2020-21 Annual Operating Budget
  - Proposed FY2020-25 Five-Year CIP Budget
- Depending on the outcome of the meet and confer process, staff may return with additional budget recommendations in July
- Five-year budget forecast presentation in September 2020
- FY 2019-20 adoption of year-end adjustments in September 2020

**Thank you**

**Questions/Comments**