

Fiscal Year 2020-21 Mid-Year Budget Review

Richmond City Council
February 16, 2021



Finance Department

FY 2020-21 Mid-Year Overview

- Snapshot in time of the current fiscal year
- Determine if budget adjustments are needed
 - Actuals
 - Revised projections
- Incorporate prior council decisions (July-December)
- Update baseline for FY21-22 budget cycle and long-term projections

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

General Fund Revenue - *Good news!*

Total Increase: ~\$10.7M

- Property Tax – increase of \$136,000 due to higher assessed valuation
- Sales Tax – increase of \$3.4 million due to actuals and estimates trending higher
- Utility Users Tax (UUT) – increase of \$56,000 due to actuals received
- Transfer Tax - increases of \$7.4 million stemming from 200+M in a few very large property sales in 2020

General Fund Expenditures

Total Increase: ~\$6.3M

- Salaries and Benefits: Increase of \$4.3 million
 - Police Overtime (\$1M)
 - Fire Overtime (\$1.2M)
 - Unfunded CalPERS liability (\$2M)
- Professional Services – Increase of \$588,000
- Equipment & Contract Services – Increase of \$97,000 to repair to repair Corporation Yard entrance
- Asset/Capital Outlay – Increase of \$130,000 due to urgent technology infrastructure needs
- Operating Transfer Out – Increase of \$1.1 million in transfer to the RHA

FY 20-21 Adopted Vs. Mid-Year Budget

- REVENUES

- Adopted: \$165.1M
- Mid-Year: \$175.8M

- EXPENDITURES

- Adopted: \$165.1M (with \$3M in placeholders)
- Mid-Year: \$171.7M

- DEFICIT/SURPLUS:

- Adopted: 0.0% (contingent upon realization of placeholders)
- Mid-Year: 2.3% (same contingent; \$1.2M below policy)

Considerations

- FY 20-21 is not over – 6 months left
- Unmet Needs:
 - Cost of living adjustments
 - Frozen positions
 - Negative fund balances
 - Backlog of deferred maintenance
 - Unmet policy on reserve levels
 - OPEB liability
 - Unfunded CalPERS liability
 - One-time expenditures
- Facilities Maintenance Plan
- Internal Service Funds
- Unknown Items
 - Placeholder items in current budget
 - Longer-term COVID budget impacts
 - Changes in CalPERS costs (discount rate)
 - Results of classification and compensation study
 - Reimagine Task Force recommendations

Future Steps & Opportunities for Input

- Monthly Council budget updates
- Council and Stakeholder Budget Input Sessions
 - Council budget principles
- Study session on bond portfolio (including SWAPS)
- Long-term fiscal sustainability options

Recommended Action

Adopt resolution confirming FY2020-21 adjustments

Thank you



Questions?