

# Fiscal Year 2021-22 Mid-Year Budget Review

Richmond City Council  
March 22, 2022



# Recommended Action

REVIEW the Fiscal Year 2021-2022 operating and capital improvement budgets at mid-year; and ADOPT a resolution approving the proposed Fiscal Year 2021-2022 budget adjustments.

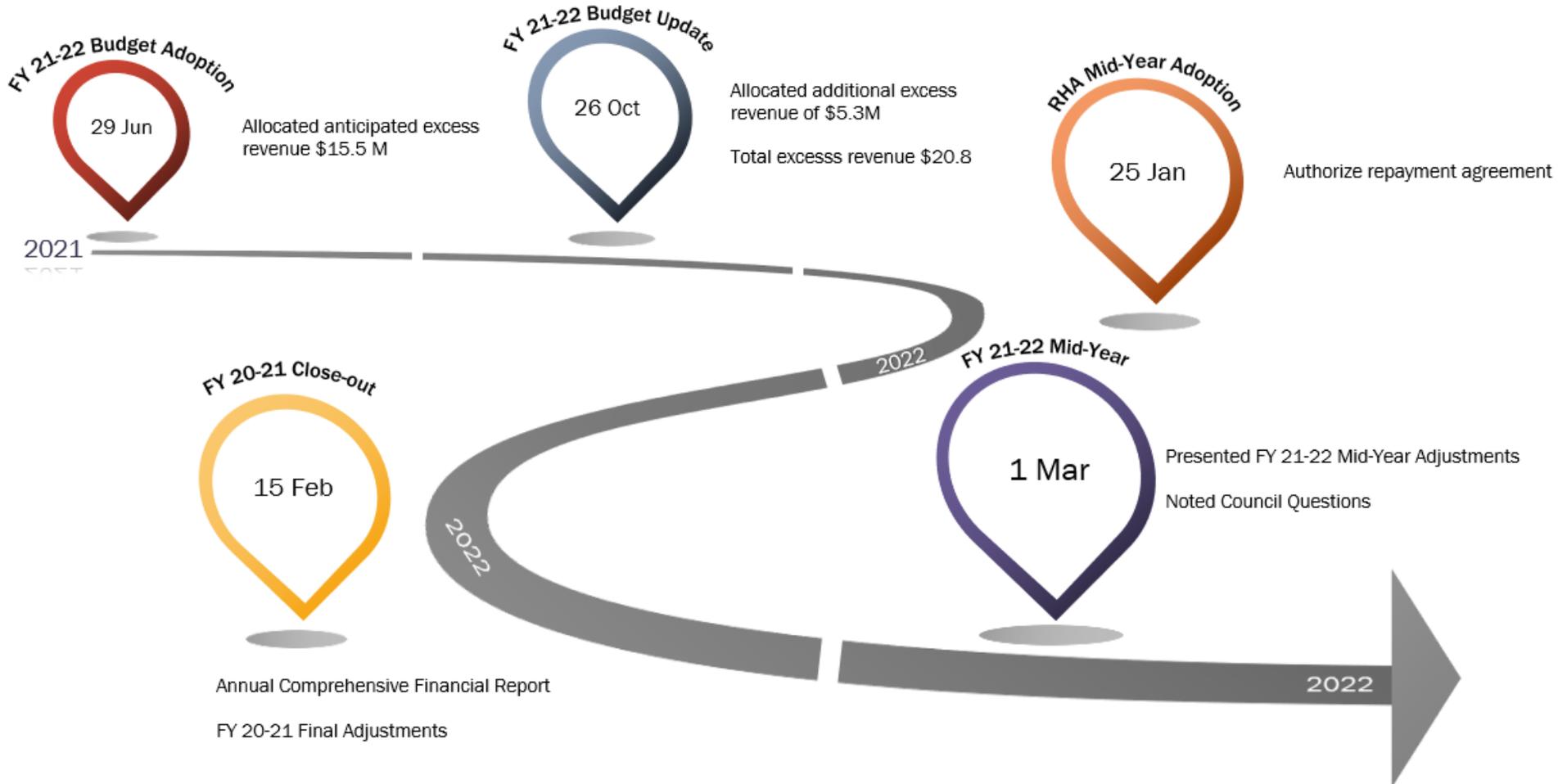
# FY 2021-22 Mid-Year Overview

- Background and Accomplishments
- Council Questions (March 1, 2022)
- FY 21-22 Mid-Year Highlights
  - General Fund Revenues and Expenditures
  - Position Controls, Listing, Recruitments
  - Non-General Fund
  - Capital Improvement Project (CIP)
  - American Rescue Plan Act (ARPA)
  - Reimagining Public Safety
- Opportunities for Input and Future Priorities

# Background

- Snapshot in time of the current fiscal year
- Determine if budget adjustments are needed
  - Actuals
  - Revised projections
- Incorporate prior council decisions (July-December 2021)
- Update baseline for FY2022-23 budget

# Background



# Accomplishments

## City-Wide Cleanup / I ♥ Richmond Submitted Grants - Interdepartmental Teamwork

# \$15,548,400

Grant Name	Amount	Department(s)	Proposed Uses
Clean California Local Grant Program (CalTrans)	\$5 Million	- Community Development - Community Services - Public Works, - CMO Economic Development	Boorman Park Clean-up, 7th Street improvements, and I ♥ Richmond (Neighborhood dumpster days and Clean-ups)
Clean California Local Grant Program (CalTrans)	\$5 Million	- Community Development - Community Services - Public Works, - CMO Economic Development	Construct pedestrian-friendly street --Yellow Brick Road Project (YBR) -- infrastructure, add plants and trees, human-scale street lighting, litter abatement facilities, wayfinding and placemaking signage. Connect two Pogo Park site and provide access to all 15,000 Iron Triangle residents
Governor's Grant to Tackle Local Encampments	\$4.8 Million	- Community Development - Richmond Police Department	Encampment Resolution Funding (ERF) will focus on the Castro Street vehicle encampment. The effort will be a stepped approach to address the myriad needs of the 100+ people living at the Castro encampment with evidence-based clinical case management and intensive social service and housing navigation support.
CalRecycle SB 1383 Local Assistance Grant	\$145,000	- CMO Economic Development	Provide the City of Richmond with financial support to implement and comply with SB 1383
CalRecycle Solid Waste Disposal and Site Cleanup Grants	\$400,000	-CMO Economic Development - Public Works	Fund illegal dumping clean-up, deterrent installation, and neighborhood dumpster days
Saris Foundation Bike Parks Program	\$25,000	- Dirt World - Public Works	Renovate the BMX track and two pump tracks along Greenway
Transportation Development Act (TDA3)	\$178,400	- Public Works	Richmond Ferry to Bridge Bicycle & Pedestrian Network Improvements Project

# Accomplishments

## Human Resources: Staffing and Hiring

- Improved Job Opportunities Website
- Recruitments
- ✓ Deputy Director of Community Services – E & T started January
- ✓ 10 Positions Added to Office of Neighborhood Safety (ONS) approved January
- ✓ New Interim Deputy Director of Library & Recruitment for Permanent Position Underway, January
- ✓ Budget Administrator started February
- ✓ Senior Business Assistance Officer started February
- ✓ Accounting Manager started March



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Job Title	Job Type	Salary	Closing
Accountant I/II (OPEN UNTIL FILLED)	Full Time	\$5,148.00 - \$6,145.00 Monthly	Continuous
Business Analyst I/II (Open Until Filled)	Full Time	\$7,144.00 - \$8,682.00 Monthly	Continuous
Business License Field Investigator <span>New</span>	Full Time	\$4,331.00 - \$5,032.00 Monthly	

# Council Questions

# 1. What reasoning did the County Assessor provide regarding the reduced assessed valuation of the Chevron Refinery?

- Richmond Chevron Refinery was assessed at approximately:
  - \$3.0 billion in FY 2020-2021
  - \$2.7 billion in FY 2021-2022
- According to the Assessor's Office, the decrease in valuation for the Richmond Chevron Refinery was caused by the following factors:
  - Poor economy during 2020 caused by the pandemic
  - Refinery's production of fuels was severely reduced
  - Lower refinery values in general - using other indicators

## 2. Where will money or funding come from to balance or close the budget gap?

### PROPOSED FY 2021-22 BUDGET March 22, 2022

Revenues	192,005,339
Expenditures	195,129,609
Gap Surplus/(Deficit)	(3,124,270)
FY20-21 Budget Set-Asides	5,529,000
Net Surplus/(Deficit)	2,404,729

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>
<b>Intended Uses of the Set-Asides from FY2020-21 Excess</b>	<b>Projected Jun. 29, 2021</b>	<b>Projected Oct. 26, 2021</b>	<b>Projected Total June 29, 2021 &amp; Oct. 26, 2021</b>	<b>FY 2020-21 Fiscal Close, Feb. 15, 2022</b>	<b>Unavailable Set-Asides for FY21-22 Budget</b>	<b>Available Set-Asides for FY21-22 Budget</b>
Reimagining Public Safety	1,300,000		1,300,000	1,300,000		1,300,000
Community Facility Improvements	1,700,000		1,700,000	1,700,000		1,700,000
Staff Compensation – One Time Payment	2,300,000		2,300,000	2,300,000		2,300,000
Additional GF Expenditures		229,000	229,000	229,000		229,000
<b>Set Asides to Balance FY2021-22 Budget</b>	<b>5,300,000</b>		<b>5,529,000</b>	<b>5,529,000</b>		<b>5,529,000</b>
Attain 14.3% Reserve Level	4,219,567		4,219,567	N/A		
Reduce RHA liability	3,000,000	3,128,968	6,128,968	10,442,853	10,442,853	
Set aside for Reserves	3,000,000		3,000,000	2,938,811	2,938,811	
Set aside for possible Measure U shortfall		2,000,000	2,000,000	2,000,000	2,000,000	
<b>Total Approved Uses:</b>	<b>15,519,567</b>	<b>5,357,968</b>	<b>20,877,535</b>	<b>20,910,664</b>	<b>15,381,664</b>	<b>5,529,000</b>

### **3. Council did not approve the use of \$4.2 million to write-off the Richmond Housing Authority (RHA) liability. The previous direction provided by Council was that this amount should be used for reserves. Please advise?**

Council previously approved \$6.1 million to write-off the RHA debt

- \$3M on 6/29/21 and \$3.1M on 10/26/21

Per City Auditor, the City needed to write-off as uncollectable a total of \$10.4 million from the Richmond Housing Authority (2/15/22)

- Adjustments were required because:
  - There is no mechanism to collect outstanding debt
  - Receivables must be removed from the City's balance sheet to mitigate the City's Auditors from making a qualified opinion
- Recommended Action language did not specifically reference the \$4.3 million nor request City Council authority to make the adjustment

Previously approved set-asides of \$4.2 million for reserves (6/29/21) were used to write-off RHA debt

## 4. How much is spent annually to fund pensions benefits by each bargaining unit?

Bargaining Unit	Total Actuals in FY20-21
Police Officer's Assoc	\$ 12,035,153
Police Mgmt	\$ 1,012,551
IAFF Local 188	\$ 7,276,727
Fire Mgmt	\$ 500,791
City Council	\$ 123,463
Executive Mgmt	\$ 1,727,776
IFPTE Local 21	\$ 4,193,526
SEIU Local 1021	\$ 7,395,386
SEIU Local 1021 Part Time	\$ 509,276
<b>Grand Total</b>	<b>\$ 34,774,649</b>

## 5. Can you clarify where the \$2.3 million used for one-time payments to employees is coming from? General Fund or Non-General Fund surplus?

- \$2.3 million for the one-time payment to employees was part of the set-asides from FY 20-21 **general fund** budget savings
- Actual cost for one-time payments to general-funded staff was approximately \$1.8 million of the \$2.3 million
- Actual cost for one-time payments to **non-general** funded staff was approximately \$500,000

## 6. When \$6.3 million in set-asides was approved for Reimagining Public was any funding set to come from reserves?

- None of the monies authorized by the City Council for the Reimagining Public Safety came from reserves.
- June 29, 2021, the City Council appropriated a total budget of \$6,380,000 for the Reimagining Public Safety program

Reimagining Public Safety			
Funding Source	Amount	Proposal/Program	Expenditure
Police Department Reduction	3,000,000	YouthWORKS	1,980,000
FY21 Excess	1,300,000	ONS	1,600,000
Housing in Lieu/low-mod fees	480,000	Unhoused Intervention	1,800,000
Elimination - vehicle purchases	1,600,000	Community Crisis Response	1,000,000
<b>Total Funding Sources</b>	<b>\$6,380,000</b>	<b>Total Expenditures</b>	<b>\$6,380,000</b>

## 7. Why are the expenses increasing if we have well over 100 vacancies?

- Year-to-date (YTD) actual expenditures for the salaries budget line item is at 49 percent or \$36.7 million
- The budget savings due to the higher vacancy rate is being offset by several factors:
  - 4 percent budgeted vacancy saving rate (\$3.6 million annually and \$1.8 million for 6 months) is offsetting the actual vacancy savings
  - Entire one-time payment to employees totaling approximately \$2.3 million (general fund and non-general fund) was made within the first six months of FY 2021-22
  - Salary reimbursements from grants are lower than budgeted, but there are still some pending adjustments affecting the first six months of the fiscal year
- Still under review

## **8. How is the city able to employ part-time (PT) staff without benefits? Is this practice consistent with the bargaining unit Memorandum of Understanding (MOU) requirements?**

Various labor MOUs between the City and the bargaining groups allow for the existence of part-time and/or temporary employees who do not receive benefits

- Examples of PT positions without benefits include employees hired in the summer in various recreation programs

## **9. The community is interested in seeing certain improvements, projects, and maintenance throughout the City. What plans are there to add more positions (e.g., abatement and code enforcement) in the future?**

- Public Works Department had the greatest number of positions added/unfrozen in recognition of the many needs in the community
- The City is recruiting for a total of 18 positions in the Public Works Department
  - Positions include but are not limited to maintenance workers, utility works, and parks staff

## **10. Will unused funding due to vacancies be put back into the General Fund as unallocated funding by the end of the FY? And will those funds bring the reserve up to 15 percent?**

- The fiscal year officially closes in December-February as part of the Annual Comprehensive Financial Report (ACFR)
- As part of the ACFR, the amount of excess revenues over expenditures will be known with certainty
- Staff will bring to the City Council options that will include achieving a reserve percentage rate above the City Council policy goal of 15 percent

## 11. What's the difference between excess and reserves?

- “Excess” is the difference between revenues exceeding expenditures
  - The City had “excess” revenue from FY20-21, that was allocated for other uses per City Council direction for FY21-22
- The “reserve” is a component of the Unassigned Fund Balance (not appropriated for any use or purpose)
  - For FY20-21, the \$22,477,829 unassigned fund balance calculated to 12.5 percent of FY21-22 budgeted General Fund expenditures so, the entire unassigned fund balance is considered the reserve

## **12. \$1 million was allocated to the Richmond Rapid Response Fund/Housing Program – is there a contract that delineates how that money is allocated and how it’s accounted for?**

- February 15, 2022 - The City Council approved a sole source contract with West Contra Costa Public Education Fund (EdFund West)
  - Contract Limit - \$600,000
  - Fiscal sponsor for Richmond Rapid Response Fund (R3F)
    - Provide direct disbursement & rent and mortgage assistance to Richmond residents negatively impacted by COVID-19
    - If established, implement a pilot targeted income program
- March 11, 2022 – City and EdFund/R3F released a RFP regarding R3F strategic planning and governance structure (\$100,000)
- Housing initiatives - \$300,000