



City of Richmond Fiscal Year 2022-23 Draft Operating Budget

Shasa Curl, City Manager
Delmy Cuellar, Interim Director of Finance

May 3, 2022



Overview

- FY 2022-23 Budget Development
- General Fund Revenue Assumptions
- General Fund Revenue Estimates
- General Fund Expenditure Assumptions
- General Fund Expenditure Estimates
- Proposed FY 22-23 Operating Transfers Out
- Draft FY 2022-23 General Fund Balanced Budget
- FY 22-23 Potential Budget Savings
- Expenditures Not Budgeted
- Proposed FY 2021-22 Year-End Priorities
- Proposed Next Steps & Questions



FY 2022-23 Budget Development & Key Milestones Completed to Date

ACTION / ACTIVITY	DATE
Budget kick off meeting	December 9, 2021
Budget Input Window	December 9, 2021, to January 10, 2022
Budget Hearings: City Manager, Finance Director, and Budget Division meet with Departments	February 14 - February 28, 2022
Community Budget Meetings	Community: March 16, 24 & 31, 2022 Richmond Neighborhood Coordinating Council: April 11, 2022
City Council Presentation: Internal Services (Finance, Human Resources, and Information Technology)	April 19, 2022
City Council Presentation: City Attorney, City Clerk, City Manager, and Economic Development	April 26, 2022
Union Budget Meeting	April 28, 2022
Draft Budget Update City Council Presentation: City Council, Mayor, Public Works	May 3, 2022



General Fund Revenue Assumptions to Date

Revenue Category	Assumptions
PROPERTY TAXES	Assessed Value (AV) Growth based on (1) most properties increasing by State posted CPI (usually 2% max), (2) plus, for the properties that sold in 2021, the new value minus the previous value, and (3) the value of the Chevron Refinery. Staff usually assumes the Chevron refinery will stay the same - 0% AV growth for that component.
SALES & USE TAX	4% growth per the consultant; Vehicle License Fee Backfill Swap tied to AV growth, same as Secured Property Taxes.
UTILITY USERS TAX (UUT)	Analysis in part provided by consultant. Growth rates applied to individual revenue streams with the UUT category - cable and Telecom historically have been going down due to industry changes. Settlement amount is set and due to go away after FY24-25. Cap amount paid by Chevron is based on Energy Services CPI for the Bay Area which through the posted rates through February is extremely high.
OTHER TAXES	Each revenue stream within Other Taxes changes year-to-year based on independent influences; both garbage fees are up by 4% based on historical changes; Hotel Tax up 5% based on rebounding industry; Transfer Tax budgeted amount based on formula in Guiding Fiscal Policy that mandates we use the mean since implementation of the voter approved tiered structure; gas and electricity franchise changes stem from using same growth factor as UUT.
LICENSES, PERMITS & FEES	Main item is Business Tax and are using growth factor of 2% as a conservative CPI. Still new revenue stream so we still do not know what the full year amount will be.
FINES & FORFEITURES	Parking citations flat and Muni Court Fines with 2% growth
USE OF MONEY & PROPERTY	Flat - zero growth
CHARGES FOR SERVICES	Most items entered by corresponding departments based on their estimated level of service and total corresponds to 4.3% growth
OTHER REVENUE	Very unpredictable. Usually very little budgeted here, but items get added as received.
RENTAL INCOME	Rental Income is determined based on the Council approved agreements and/or fee established through the Master Fee Schedule
INTERGOV STATE TAXES	Motor Vehicle Fees increase based on YTD actuals in FY21-22
INTERGOV OTHER GRANT	Only grants with award letters are budgeted
PROCEED FROM SALE PROPERTY	Pending budget, based on historic trend
OPERATING TRANSFERS IN	Based on Analysis of the Pension Tax Override fund, estimated AV growth, minus scheduled uses. Left over funds are transferred to the General Fund

General Fund Revenue Estimates

	FY 2021-22	FY 2022-23	PCT
GENERAL FUND REVENUES	CY* REVISED BUDGET	DRAFT BUDGET	CHANGE
PROPERTY TAXES	45,233,561	46,056,962	2%
SALES & USE TAX	51,993,736	53,900,100	4%
UTILITY USERS TAX	46,522,663	49,840,565	7%
OTHER TAXES	20,953,343	21,638,449	3%
LICENSES, PERMITS & FEES	10,354,335	11,129,402	8%
FINES & FORFEITURES	468,897	475,275	1%
USE OF MONEY & PROPERTY	236,079	236,079	0%
CHARGES FOR SERVICES	3,422,832	3,571,292	4%
OTHER REVENUE	1,471,927	187,500	-87%
RENTAL INCOME	747,268	874,506	17%
INTERGOV STATE TAXES	90,000	125,000	39%
INTERGOV STATE GRANT	187,878	175,000	-7%
INTERGOV OTHER GRANT	153,569	253,569	65%
PROCEEDS FROM SALE OF PROPERTY	100,000	-	-100%
LOAN/BOND PROCEEDS	36,400	-	-100%
OPERATING TRANSFERS IN	10,204,224	16,414,570	61%
TOTAL REVENUE	192,176,711	204,878,270	7%

*Current Year (CY)

General Fund Expenditure Assumptions to Date

Expenditures Category	Assumptions
SALARIES AND WAGES	*IAFF, RFMA, RPOA, RPMA pending MOUs, Executive, Local 21 and Local 1021 5% increases per MOUs as of 1/1/2023, other pays based on existing MOUs and current enrollments.
PYRLL/FRINGE BENEFIT	Healthcare, OPEB, Retirement costs @ of FY2022, pending new rates. Worker's Comp per Risk Management's calculation to gain confidence level at 65% (2.5% increase from)
PROFESSIONAL & ADMIN	Baseline budget, with one-time appropriations removed, additional Legal Services Agreements of \$900,000
OTHER OPERATING	Baseline budget with one-time appropriations removed.
UTILITIES	Baseline budget
EQPT & CONTRACT SERVICES	Baseline Budget based on historical actuals
PROVISN FOR INS LOSS	Insurance Premiums
COST POOL	Vehicles, per Equipment Services provided list with Priority 1 items
	General Liability, rates provided by Risk Mgmt. to achieve 65% confidence Civic Center Allocation, amount driven from the debt service, cash balance, and square footage used by programs
ASSET/CAPITAL OUTLAY	Based on Capital Improvement Plan
DEBT SERVICE EXPENDITURE	Debt Service Schedule, maintained by Treasury
A87 COST PLAN REIMBS	Based on Administrative Cost Allocation Plan
GRANT EXPENDITURES	Based on the awarded grants
OPERATING TRANSFERS OUT	Recurring and onetime subsidies to Non-GF programs.

*International Association of Fire Firefighters (IAFF), Richmond Fire Management Association (RFMA), Richmond Police Management Association (RPMA), Richmond Police Officers Association (RPOA)

General Fund Expenditures

	FY 2021-22	FY 2022-23	PCT
GENERAL FUND EXPENDITURES	CY REVISED BUDGET	DRAFT BUDGET	CHANGE
SALARIES AND WAGES	75,841,128	79,239,528	5%
PYROLLFRINGE BENEFIT	62,145,202	69,299,788	12%
PROF & ADMIN	15,882,238	13,927,423	-12%
OTHER OPERATING	7,123,051	6,295,963	-12%
UTILITIES	5,041,685	5,093,076	1%
EQPT & CONTRACT SVCS	2,700,894	2,601,511	-4%
PROVISN FOR INS LOSS	27,673	25,725	-7%
COST POOL	14,455,436	20,202,296	40%
ASSET/CAPITAL OUTLAY	1,446,014	1,422,136	-2%
DEBT SVC EXPENDITURE	1,065,359	1,037,009	-3%
A87 COST PLAN REIMBS	(3,516,104)	(6,195,344)	76%
GRANT EXPENDITURES	82,500	2,500	-97%
OPERATING TRANSFERS OUT	12,801,419	13,816,005	8%
TOTAL EXPENDITURES	195,096,496	206,767,616	6%

Proposed FY 22-23 General Fund Operating Transfers Out

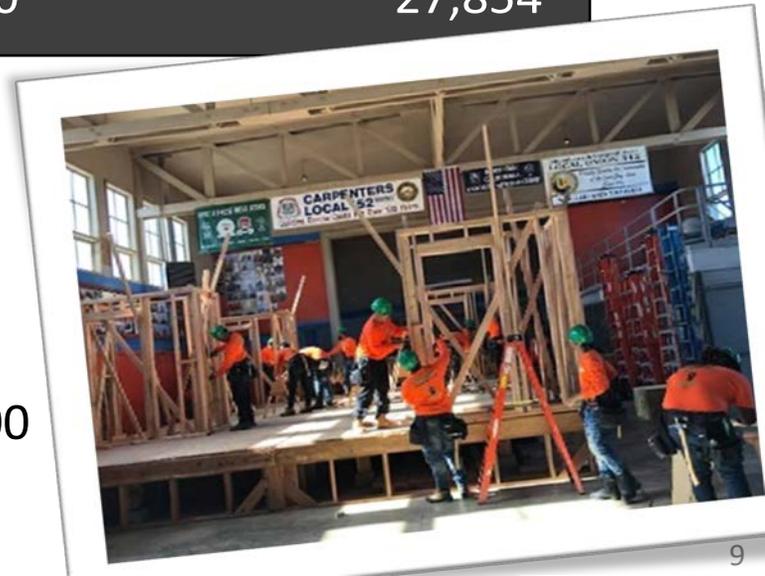


OPERATING TRANSFERS OUT	AMOUNT
Equipment Services	326,018
Debt Service-2007 Lease Revenue	1,418,372
Hilltop Landscaping and Maintenance District	229,115
Marina Bay Landscaping and Maintenance District	462,436
Employment & Training: Internal Service Allocation Subsidy	776,426
Employment & Training: Grant Writing and Matches	75,000
Employment & Training: Contract Compliance	350,000
Summer Youth Program	325,000
RichmondBuild Rental Lease with Richmond Housing Authority	135,100
IT Equipment Replacement	100,000
Department of Children and Youth	3,936,896
Richmond Housing Authority	553,591
Richmond Housing Authority	1,727,566
General Pension	88,077
Reimaging Public Safety Unhoused Intervention Plan	1,320,000
Reimaging Public Safety Youthworks	1,980,000
Garfield Pension	12,408
TOTAL	13,816,005

Draft FY 2022-23 General Fund Balanced Budget

GENERAL FUND	FY2022-23 DRAFT BUDGET	PENDING ADJUSTMENTS	FY2022-23 DRAFT BUDGET AFTER ADJ.
TOTAL REVENUE	204,878,270	1,482,100	206,360,370
TOTAL EXPENSE	206,767,616	(435,100)	206,332,516
Net (-Gap)/+Gap	(1,889,346)	1,047,000	27,854

- Pending Revenue Adjustments (\$1,482,100):
 - Sales tax is pending to be increased by approximately \$1.38 million
 - Proceeds from auctions revenue is pending to be entered \$100,000
- Pending Expenditure Adjustments(\$435,100):
 - RichmondBuild lease expense to be removed, \$135,000
 - IT equipment refresh expense spread over next two years - \$300,000



FY 2022-23 Potential Budget Savings



**Complete Vacancy
Saving Analysis**

**Reduce Legal Services
Agreements**

**Reduce Professional
Services Contracts**

**Implement Alternate
Dispute Resolution
Program**
(Pending)

**Reduce Insurance
Premiums**
(Workers Compensation and
General Liability)

Expenditures Not Budgeted

Inflation Contingency

Contract Negotiations in Progress *(IAFF, RFMA, RPMA, RPOA)

Costs of Classification and Compensation Study Implementation

Position Reclassification Requests

Additional Operating Expenses Requests

Improve City's Paving Index

Additional Position Requests

Pension Obligation Bonds/SWAP costs

New CalPERS and OPEB Rates

*International Association of Fire Firefighters (IAFF), Richmond Fire Management Association (RFMA), Richmond Police Management Association (RPMA), Richmond Police Officers Association (RPOA)

Proposed FY 2021-22 Year-End Priorities

Clear Negative Fund Balances

Engineering Fund (\$2.9 million)
Stormwater Fund (\$2.6 million)

Pre-Fund Other Post
Employment Benefits
(OPEB)
(\$1 Million)

Increase General Fund
Reserve Level to 15%
(\$6 -\$8 Million)

Increase Risk Management
Confidence Level to 65%
(\$2 Million)

Implement Classification
and Compensation Study

MOU Negotiations
*(IAFF, RFMA, RPMA, RPOA
in Progress)

FY 2022-23 Budget Development

Proposed Next Steps



ACTION / ACTIVITY

DATE

Department/Division Presentations: Community Services & Community Development

May 17, 2022

Department/Division Presentations: Public Safety (Police, Fire)
Initiate City Council review and discussion of draft operating and capital budgets

May 24, 2022

Present Revised Draft Budget Analysis and Budget Checklist

June 7, 2022

Adopt FY 2022-23 Operating Budget, Five-Year Capital Improvement Plan, and GANN Limit

June 21/28, 2022

Adopted FY 2022-23 Budget available in MUNIS

July 1, 2022

Submit Adopted Operating and Capital Improvement Budgets to the Government Finance Officers Association (GFOA) & California Society of Municipal Finance Officers (CSMFO) Budget Award Programs

September 28, 2022



"Juneteenth Freedom Underpass"
South 37th Street Underpass
Desi Mundo (2022)



THANK YOU
&
QUESTIONS?