



Overview

- Background
- General Fund Revenue Assumptions
- General Fund Revenue Estimates
- General Fund Expenditure Assumptions
- General Fund Expenditure Estimates
- Draft FY 2022-23 General Fund Balanced Budget
- Proposed FY 22-23 Operating Transfers Out
- Subsidies Provided Through Lowered Overhead
- Proposed Budget Adjustments
- Cost Pool/Risk Management/General Liability
- ARPA & Reimagining Public Safety
- Next Steps & Questions



Background

First Draft FY 22-23 Budget – May 3, 2022

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

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 1.4% 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 fees 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	1.8%
SALES & USE TAX	51,993,736	55,282,200	6.3%
UTILITY USERS TAX	46,522,663	49,963,589	7.4%
OTHER TAXES	20,953,343	21,638,449	3.3%
LICENSES, PERMITS & FEES	10,354,335	11,129,402	7.5%
FINES & FORFEITURES	468,897	475,275	1.4%
USE OF MONEY & PROPERTY	236,079	236,079	0.0%
CHARGES FOR SERVICES	3,424,459	3,571,292	4.3%
OTHER REVENUE	1,471,927	187,500	(87.3%)
RENTAL INCOME	747,268	874,506	17.0%
INTERGOV STATE TAXES	90,000	125,000	38.9%
INTERGOV STATE GRANT	187,878	175,000	(6.9%)
INTERGOV OTHER GRANT	153,569	253,569	65.1%
PROCEEDS FROM SALE OF PROPERTY	100,000	100,000	0.0%
LOAN/BOND PROCEEDS	36,400	-	(100%)
OPERATING TRANSFERS IN	10,204,224	16,414,570	60.9%
TOTAL REVENUE	192,180,338	206,483,393	7.4%

*Current Year (CY)

General Fund Expenditure Assumptions to Date

Expenditures Category	Assumptions/Descriptions
SALARIES AND WAGES	IAFF, RFMA, RPMA, RPOA COLA pending, Executive, Local 21 and Local 1021 5 percent COLA as of 1/1/2023, other pays based on existing MOUs and current enrollments.
PAYROLL/FRINGE BENEFIT	Healthcare cost at current rates as of FY2022, OPEB per current Actuarial report, Retirement rates per current CalPERS rates. Worker's Comp rate 1 % increase in each category
PROFESSIONAL & ADMIN	Baseline budget, with one-time appropriations removed, Campus Bay Litigation Costs of \$900K, City Attorney Legal Services Contract
OTHER OPERATING	Baseline budget with one-time appropriations removed.
UTILITIES	Baseline budget
EQPT & CONTRACT SVCS	Baseline Budget based on historical actuals
PROVISN FOR INS LOSS	Insurance Premiums
COST POOL (Vehicle Replacement)	Fleet Services provided list with Priority 1 items
COST POOL (General Liability)	5% increase from current year budget
COST POOL (Cost Allocation Plan - Admin Charges)	5% increase from current year budget
COST POOL (Civic Center Debt Allocation)	Charge derived from the debt service, cash balance, and square footage used by divisions
ASSET/CAPITAL OUTLAY	As needed
DEBT SVC EXPENDITURE	Debt Service Schedule, maintained by Treasury
A87 COST PLAN REIMBS	Based on COST POOL (Cost Allocation Plan - Admin Charges)
GRANT EXPENDITURES	Based on the awarded grants
OPER XFERS 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 Expenditure Estimates

GENERAL FUND EXPENDITURES	FY2021-22 REVISED BUDGET	FY2022-23 PROPOSED BUDGET	PCT CHANGE
PAYROLL AND FRINGE BENEFITS	\$137,965,780	\$146,930,765	6.5%
PROF & ADMIN	\$16,480,924	\$14,593,327	(11.0%)
OTHER OPERATING	\$7,222,113	\$5,896,395	(18.0%)
UTILITIES	\$5,002,018	\$5,143,076	3.0%
EQPT & CONTRACT SVCS	\$2,555,148	\$2,601,511	1.8%
PROVISN FOR INS LOSS	\$27,673	\$25,725	(.90%)
COST POOL	\$14,455,436	\$15,277,766	5.7%
ASSET/CAPITAL OUTLAY	\$1,430,004	\$1,422,136	(0.6%)
DEBT SVC EXPENDITURE	\$1,065,359	\$1,037,009	(2.7%)
A87 COST PLAN REIMBS	(\$3,516,104)	(\$3,534,233)	0.5%
GRANT EXPENDITURES	\$82,500	\$2,500	(97.0%)
OPER XFERS OUT	\$12,801,419	\$12,733,774	(1.8%)
TOTAL EXPENDITURES	\$195,575,271	\$201,969,824	3.3%

Draft FY 2022-23 General Fund Balanced Budget

GENERAL FUND	May 3, FY2022-23 DRAFT BUDGET	ADJUSTMENTS	June 7, FY 2022-23 DRAFT BUDGET
TOTAL REVENUE	206,360,370	123,023	206,483,393
TOTAL EXPENSE	206,332,516	(4,362,692)	201,969,824
Net (-Gap)/+Surplus	27,854	(4,239,669)	4,513,569

Revenue & Expenditure Changes

Revenue Increase

- Utility User Tax \$123K

Expenditures Decrease

- General Liability Charges \$5.3 million
- Workers Comp Charges \$1.5 million
- Operating Transfers Out \$1.1 million

Expenditures Increase

- Overhead Subsidy \$2.6 million
- Other \$711K

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	411,201
Employment & Training: Grant Writing and Matches	75,000
Employment & Training: Contract Compliance	350,000
Summer Youth Program	325,000
IT Equipment Replacement	100,000
Department of Children and Youth	3,936,896
Richmond Housing Authority	1,539,324
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	\$12,573,847

What are Operating Transfers Out?

Subsidy

Based on Policy Guidance

- General Fund provides subsidy to a program when it is not fiscally self sustaining and City Council approves Operating Transfer Out to support the specific program.

Mandate

Required Subsidy

- A mandated subsidy is generally due to a certain agreement, a voter approved measure, maintenance of effort, or a required grant match etc. There may be other reasons for a required subsidy.

Subsidies Provided Through Lowered Overhead

CENTRAL SERVICES	FY22-23	OVERHEAD	PROGRAMS PAYING	FY2021-22	FY2022-23	FY2022-23	FY2022-23
CHARGING OVERHEAD	DRAFT BUD.	RECOVERY	OVERHEAD	C.A.P.	C.A.P.*	DRAFT BUD.	SUBSIDY
				BUDGET			
CITY MANAGER	835,732	180,581	TRANSPORTATION	209,716	744,016	220,202	523,814
CITY CLERK	1,106,494	70,514	HILLTOP DISTRICT	58,375	228,193	61,294	166,899
CITY ATTORNEY	2,911,735	319,232	MARINA BAY DISTRICT	34,312	193,954	36,028	157,926
FINANCE	6,217,453	1,152,685	RENT CONTROL	52,481	377,170	52,481	324,689
HUMAN RESOURCES	2,339,686	184,557	CR-PLANNING & BLD.	840,806	1,095,984	882,846	213,138
PUBLIC WORKS	31,276,930	647,916	CR-ENGINEERING	-	54,291	-	54,291
INFORMATION TECH.	4,650,267	411,503	ENCROACHMENT SVCS	3,192	148,971	3,352	145,619
NON. DEPARTMENTAL	24,110,190	567,245	HOUSING ADMIN.	190,087	91,189	105,019	-
			CDBG	25,641	10,841	26,923	-
			EMPLOYMENT & TRN.	-	829,110	411,201	417,909
			PORT OF RICHMOND	428,033	235,792	449,435	
			WASTEWATER	330,310	728,090	346,826	381,264
			STORMWATER	86,219	106,905	90,530	16,375
			KCRT - CABLE T.V.	167,612	201,235	175,993	25,242
			RHA – NEVIN PLAZA	-	78,878	78,878	-
			RHA – NYSTROM VILLAGE		41,183	41,183	
			RHA – CENTRAL OFFICE		20,374	20,374	
			RISK MANAGEMENT	490,618	627,322	515,149	112,173
			SA-ADMINISTRATION	50,000	1,829	13,896	-
Total	74,015,734	3,534,234	Total	2,967,402	5,815,327	3,531,610	2,539,339

*C.A.P. – Cost Allocation Plan –Admin Charges A.K.A. OVERHEAD

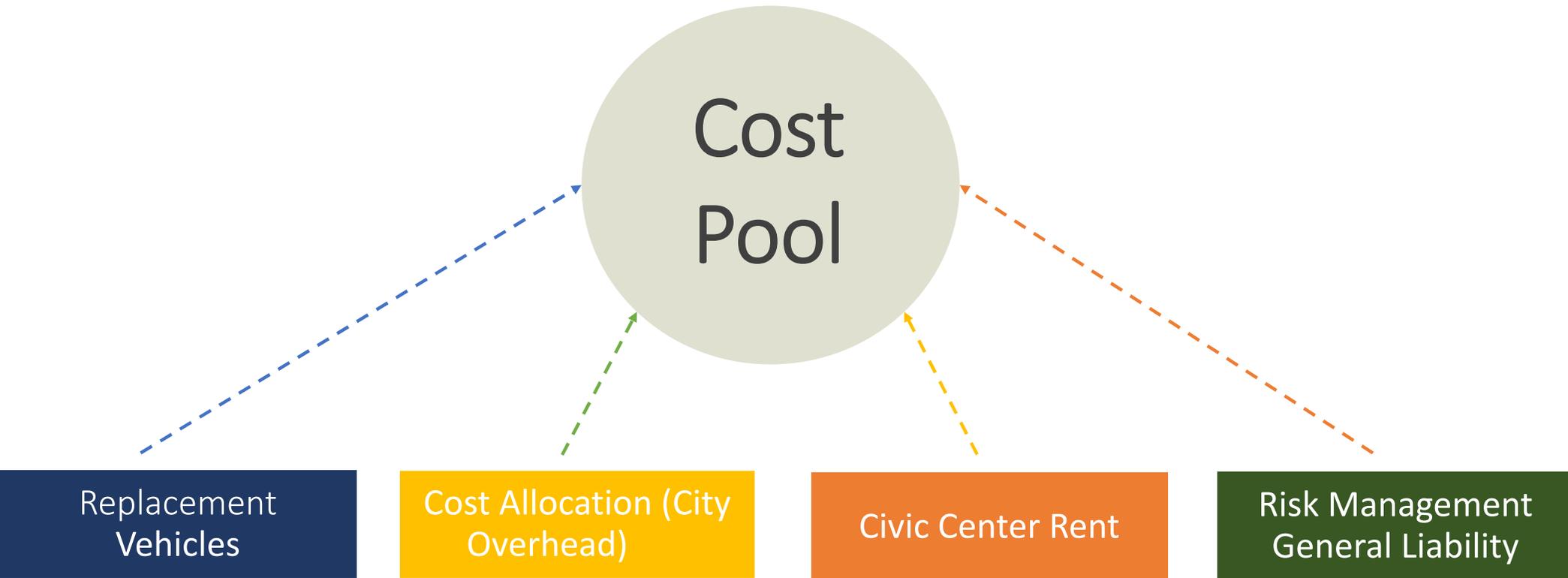
** Rent Control CAP is recommended to stay unchanged, the attachments will be updated for June 21, 2022, Council Meeting

Proposed Adjustments Before Final Adoption of the Balanced Budget

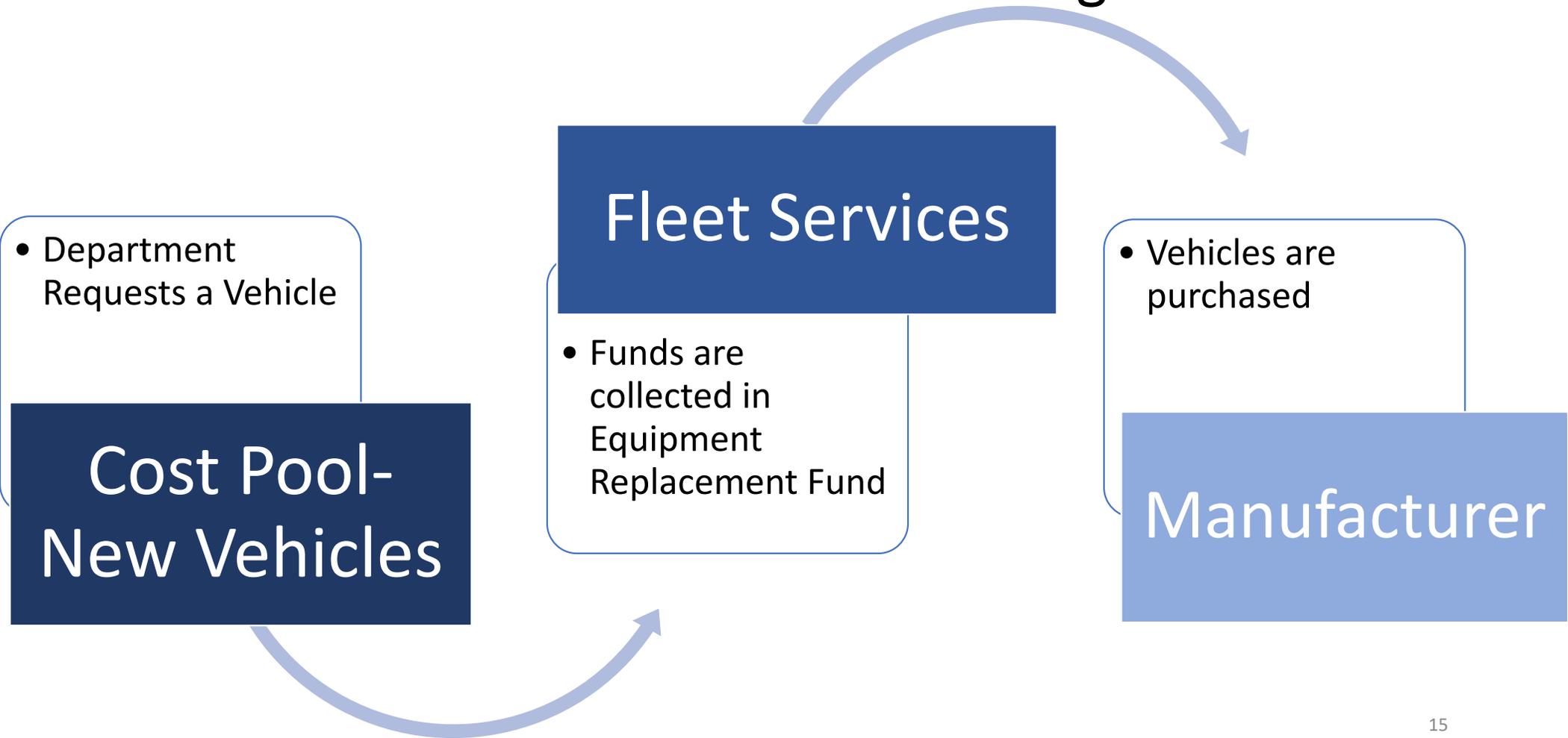
Proposed Budget Savings/Revenue Adjustments		Proposed Appropriations	
Current Estimated Surplus	4,513,570	COLA/Class & Comp	7,300,000
Vacancy Saving Factor-6%	8,339,184	Inflation Factor - 5%*	1,410,215
Increase Transfer In from PTOR*	149,000	City Attorney Legal Services	1,500,000
Other Savings	738,462	Point Molate Expenses	1,000,000
		Additional Paving Index Investment	1,000,000
		Housing First	425,000
		Public Bank	750,000
		Reparations, Equity, and Inclusion Implementation – Year One	250,000
		Literacy Fair	5,000
		Short-term Emergency Housing Interventions	100,000
		New City-Wide Appropriations Request	Not Included
		City-Wide Positions Request	Not Included
Total Available	13,740,216	Total Appropriations	13,740,215

*https://www.bls.gov/regions/west/news-release/consumerpriceindex_sanfrancisco.htm

What is Cost Pool?



Cost Pool - New Vehicles Charge



Cost Pool - Cost Allocation Plan (City's Overhead)

Core Program

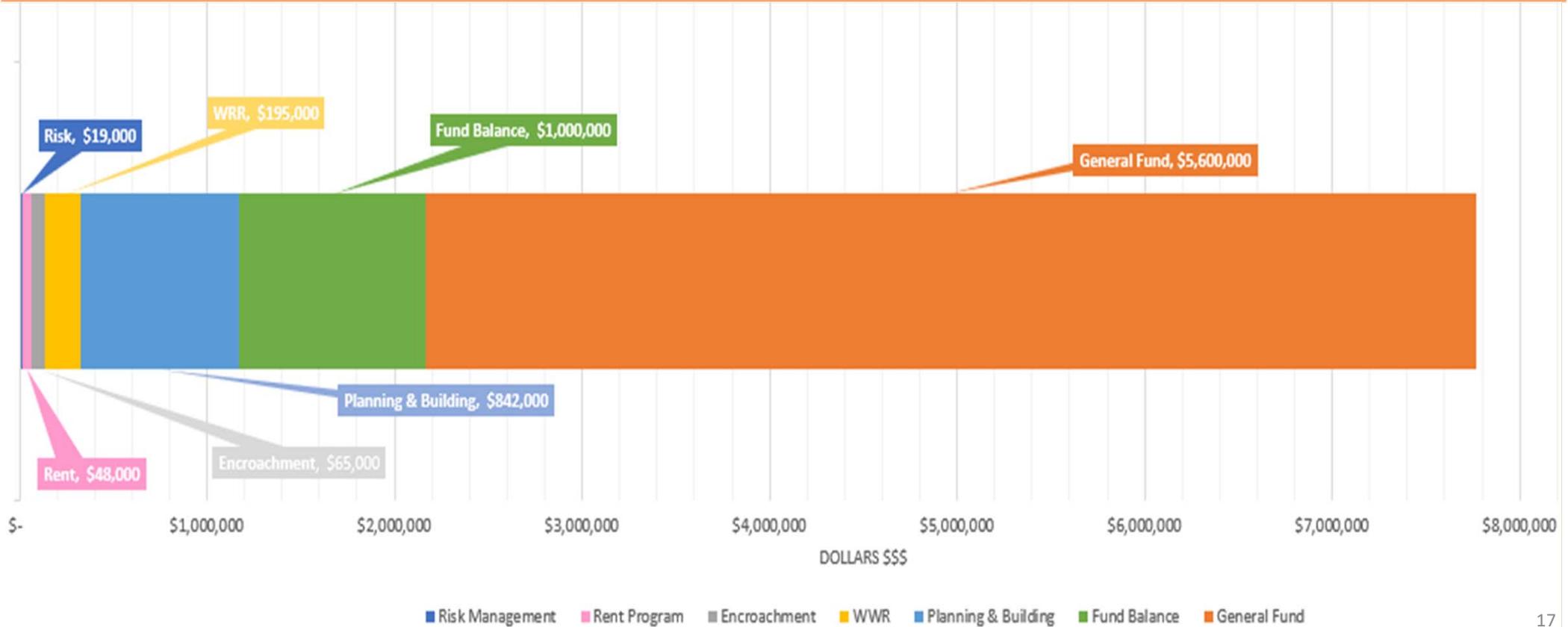
City Manager
City Clerk
City Attorney

Finance
Human Resources
Information Technology

Facility & Equipment
Maintenance
Depreciation

Cost Pool - Civic Center Rent

FY2022-23 Civic Center Mortgage Payment - \$7.8 M



Cost Pool - Risk Management

General Liability
Charges by Department



Workers Compensation
Payroll Deductions

Administrative Cost
(Risk Management staff salaries,
benefits, and operating expenses)

The cost formula allocates contribution
(%) to each Department

*(The formula includes no. of claims, cost of claims, no. of employees, and payroll cost)

Risk Management Budget Comparison

	FY22 Revenue	FY 22 Expenditure	FY23 Revenue (Finance Dept)	FY23 Expenditure (Finance Dept)
General Liability	8,555,892	9,378,529	9,504,300	8,811,141
Admin *		3,563,423		3,334,537
Workers Comp	9,466,544	10,553,163	10,167,450	7,526,072
Total	18,022,436	23,495,115	19,671,750	19,671,750
	Difference:	Revenue	1,649,314	Increase
		Expenditure	3,823,365	Decrease

FY 21-22 American Rescue Plan Act Budget

AMERICAN RESCUE PLAN ACT FY 21-22 BUDGET						
Update through April 15, 2022						
ARPA		BUDGET	ACTUAL	ENCUMBRANCES	REMAINING	DEPARTMENT
	ARPA REVENUE -TOTAL	\$(27,740,723)	\$(13,870,362)	\$ -	\$(13,870,362)	
Project Code	ARPA EXPENDITURES					
AR231	MAIN LIBRARY - HVAC IMPROVEMENTS	\$ 500,000	\$ -	\$ 48,000	\$ 452,000	Public Works
AR232	NEVIN COMMUNITY CENTER - HVAC IMPROVEMENTS	\$ 500,000	\$ 10,250	\$ 39,750	\$ 450,000	Public Works
AR233	RECREATION CENTER ADMINISTRATION - HVAC IMPROVEMENTS	\$ 500,000	\$ 25,025	\$ 23,975	\$ 451,000	Public Works
AR234	RICHMOND MUSEUM - HVAC IMPROVEMENTS	\$ 500,000	\$ -	\$ 32,600	\$ 467,400	Public Works
AR235	COMMUNITY BEAUTIFACTION	\$ 1,000,000	\$ -	\$ -	\$ 1,000,000	Public Works
					\$ -	
AR236	COMMUNITY NEEDS ASSESSMENT	\$ 250,000	\$ -	\$ 245,485	\$ 4,515	Community Services
AR237	ENVIRONMENTAL PLANNING CONSULTANT	\$ 300,000	\$ -	\$ -	\$ 300,000	Economic Development
AR238	HOUSING & DEVELOPMENT INITIATIVES/RICHMOND RAPID RESPONSE FUND	\$ 1,000,000	\$ 15,889	\$ 184,111	\$ 800,000	Community Development
AR239	RECOVERY OF LOST REVENUE	\$ 4,000,000	\$ -	\$ -	\$ 4,000,000	Finance
AR240	NORTH RICHMOND PUMP STATION	\$ 1,800,000	\$ -	\$ -	\$ 1,800,000	Public Works
AR241	MARTIN LUTHER KING, JR. PARK TURF FIELD	\$ 150,000	\$ -	\$ -	\$ 150,000	Public Works
	Total - ARPA FY2021-22	\$ 10,500,000	\$ 51,164	\$ 573,921	\$ 9,874,915	
	REMAINING ARPA ALLOCATION	\$(17,240,723)				

*Additional \$7,487.59 received in interest through December 2021

Proposed FY 2022 – 23 Reimagining Public Safety Budget

YOUTHWORKS
\$1.98 Million



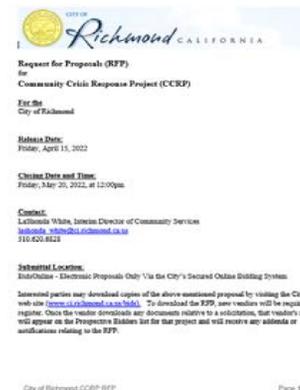
Unhoused Intervention
\$1.8 Million



Office of Neighborhood Safety
\$2.3 Million



Community Crisis Response
\$1 Million



FY 2022-23 Budget Development Timeline

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	March 16 through April 11, 2022
Department Budget Presentations	April 19 - June 7, 2022
First Draft Budget	May 3, 2022
Second Draft Budget	June 7, 2022
Adopt Budget	By June 30, 2022



THANK YOU
&
QUESTIONS?

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