



City of Richmond Fiscal Year 2022-2023 Proposed Operating & CIP Budget

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Finance

June 21, 2022

Overview

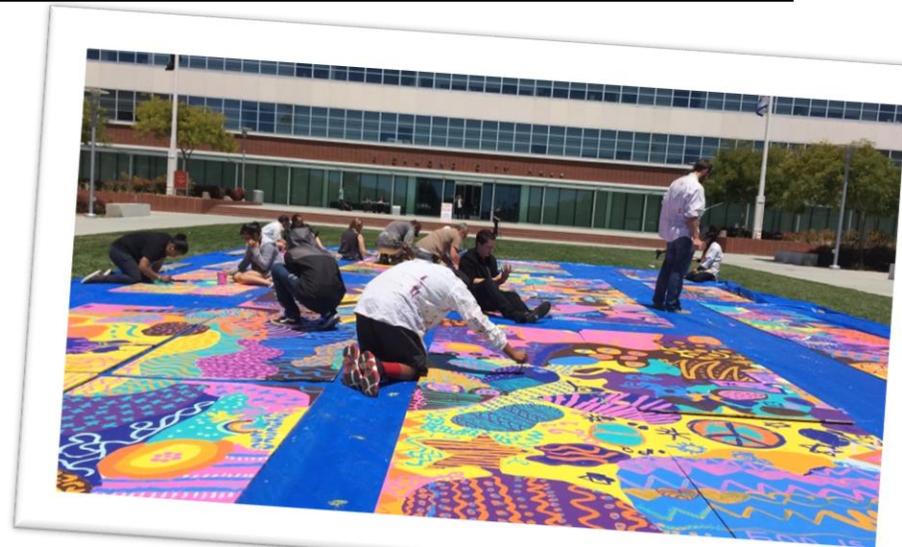
- Proposed FY 2022-23 General Fund Balanced Budget
- General Fund Revenue Assumptions & Estimates
- General Fund Expenditure Assumptions & Estimates
- Proposed Operating Transfers Out
- Adjustments Made to Balance the Budget
- General Fund Reserve Level
- Non-General Fund
- Capital Improvement Budget
- Fiscal Headwinds
- Next Steps & Questions



Proposed FY 2022-23 General Fund Balanced Budget



GENERAL FUND	May 3, 2022	June 7, 2022	June 21, 2022
TOTAL REVENUE	206,360,370	206,483,393	206,632,248
TOTAL EXPENSE	206,332,516	201,969,824	206,632,248
Net (-Gap)/+Surplus	27,854	4,513,569	0.00



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

REVENUES	FY 2022-2023 REVISED BUDGET	FY 2022-2023 PROPOSED BUDGET	CHANGE
PROPERTY TAXES	45,233,561	46,056,962	1.80%
SALES & USE TAX	51,993,736	55,282,200	6.30%
UTILITY USERS TAX	46,522,663	49,963,589	7.40%
OTHER TAXES	20,953,343	21,638,449	3.30%
LICENSES, PRMITS&FEES	10,354,335	11,129,402	7.50%
FINES & FORFEITURES	468,897	475,275	1.40%
USE OF MONEY&PROPRTY	236,079	236,079	0.00%
CHARGES FOR SERVICES	3,424,459	3,571,292	4.30%
OTHER REVENUE	1,473,927	187,500	-87.30%
RENTAL INCOME	747,268	874,506	17.00%
INTERGOV STATE TAXES	90,000	125,000	38.90%
INTERGOV STATE GRANT	187,878	175,000	-6.90%
INTERGOV OTHER GRANT	153,569	253,569	65.10%
PROC FR SLE PROP	100,000	100,000	0.00%
LOAN/BOND PROCEEDS	36,400	-	-100.00%
OPER XFERS IN	10,204,224	16,563,424	62.30%
TOTAL REVENUE	192,180,338	206,632,248	7.50%

General Fund Expenditure Assumptions to Date

Expenditures Category	Assumptions/Descriptions
SALARIES AND WAGES	IAFF, RFMA, RPMA, RPOA negotiations 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, City Attorney Legal Services Contract \$1.5 million
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.

General Fund Expenditure Estimates

EXPENDITURES	FY 2021-2022	FY 2022-2023	CHANGE
	REVISED BUDGET	PROPOSED BUDGET	
SALARIES AND WAGES	75,822,428	78,761,868	3.9%
PYROLLFRINGE BENEFIT	62,143,352	66,929,804	7.7%
PROF & ADMIN	16,248,412	16,977,138	4.5%
OTHER OPERATING	7,225,103	8,720,902	20.7%
UTILITIES	5,010,518	5,399,957	7.8%
EQPT & CONTRACT SVCS	2,555,148	2,731,448	6.9%
PROVISN FOR INS LOSS	27,673	25,725	-7.0%
COST POOL	14,455,436	15,277,766	5.7%
ASSET/CAPITAL OUTLAY	1,416,551	2,422,136	71.0%
DEBT SVC EXPENDITURE	1,065,359	1,037,009	-2.7%
A87 COST PLAN REIMBS	-3,516,104	-3,531,610	0.4%
GRANT EXPENDITURES	82,500	2,500	-97.0%
OPERATING TRANSFERS OUT	12,801,419	11,877,605	-7.2%
TOTAL EXPENSE	195,337,796	206,632,248	5.8%

Proposed FY 22-23 General Fund Operating Transfers Out

Operating Transfers Out	FY 2022-2023 Proposed Budget
Debt Service	1,744,390
Hilltop Lighting and Landscaping District	229,115
Marina Bay Lighting and Landscaping District	462,436
Employment and Training	743,201
Information Technology Equipment Replacement	100,000
Department of Children and Youth	3,936,896
Richmond Housing Authority	1,261,082
Pension Fund	100,485
Reimagining Public Safety - Unhoused Intervention	1,320,000
Reimagining Public Safety - Youthworks	1,980,000
Total	11,877,605

Adjustments Made to the Balanced Budget

Proposed Budget Savings/Revenue Adjustments		Proposed Appropriations	
Current Estimated Surplus	4,513,570	COLA/Class & Comp	7,385,608
Vacancy Saving Factor - 6%	8,339,184	Inflation Factor - 5%*	1,410,215
Increase Transfer In from PTOR	148,800	City Attorney Legal Services	1,500,000
Other Savings	824,269	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 – 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	13,825,823	Total Appropriations	13,825,823

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

Proposed FY 2022-2023 Non-General Fund Budget

Fund Type	Proposed FY 2022-2023
Other Operations	27,075,053
Special Revenue	39,674,849
Capital Improvement	37,256,854
Debt Service	21,612,086
Enterprise	70,579,794
Internal Service	25,169,925
Housing	5,458,047
Richmond Housing Authority	4,880,044
Total	231,706,650

Proposed FY 2022-2023 Capital Improvement Proposed Budget

Fund Number	Fund Name	Proposed FY 2022-2023
1002	Gas Tax	2,815,755
1019	RMRA-SB1	2,395,337
1054	Engineering Grants	14,509,778
2001	General Capital	3,061,487
2002	Measure J	3,786,947
1004	Asset Seizure	20,000
1006	Outside Grants	8,662,839
2113	Fire Impact Fee	89,383
2110	Park Impact Fee	15,000
2111	Traffic Impact Fee	263,639
2116	Open Space Impact Fee	373,264
2117	Library Impact Fee	469,295
2120	Wastewater Impact Fee	794,130
Total Capital Project Funds		\$37,256,854

Fiscal Headwinds

Classification & Compensation Study and Vacancy Saving

COLA/Class &
Comp Study \$7.4
million

Estimated Vacancy
Saving \$8.3 million
(Approx. 6%)

Fiscal Headwinds Unfunded Liabilities

*CalPERS
\$367 million

**OPEB
\$102 million

*Per CalPERS Annual Valuation Report for FY 2022-2023

**Per Van Iwaarden (consultant) Estimated Actuarially Determined Contribution for FY 2022-2023 Analysis

Fiscal Headwinds

Underfunding of Risk Reserve

City of Richmond
Self-Insured Workers' Compensation Program
Loss and ALAE Funding Guidelines for 2021-22
Self-Insured Retention (SIR) of \$750,000

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$8,931,000	\$9,994,000	\$10,414,000	\$10,896,000	\$11,494,000	\$12,289,000
ULAE	Not Included	0	0	0	0	0
Investment Income Offset	<u>(774,000)</u>	<u>(866,000)</u>	<u>(903,000)</u>	<u>(944,000)</u>	<u>(996,000)</u>	<u>(1,065,000)</u>
Discounted Loss and ALAE	\$8,157,000	\$9,128,000	\$9,511,000	\$9,952,000	\$10,498,000	\$11,224,000

FY 2022-23 Budget

\$3,047,073

\$4,668,140

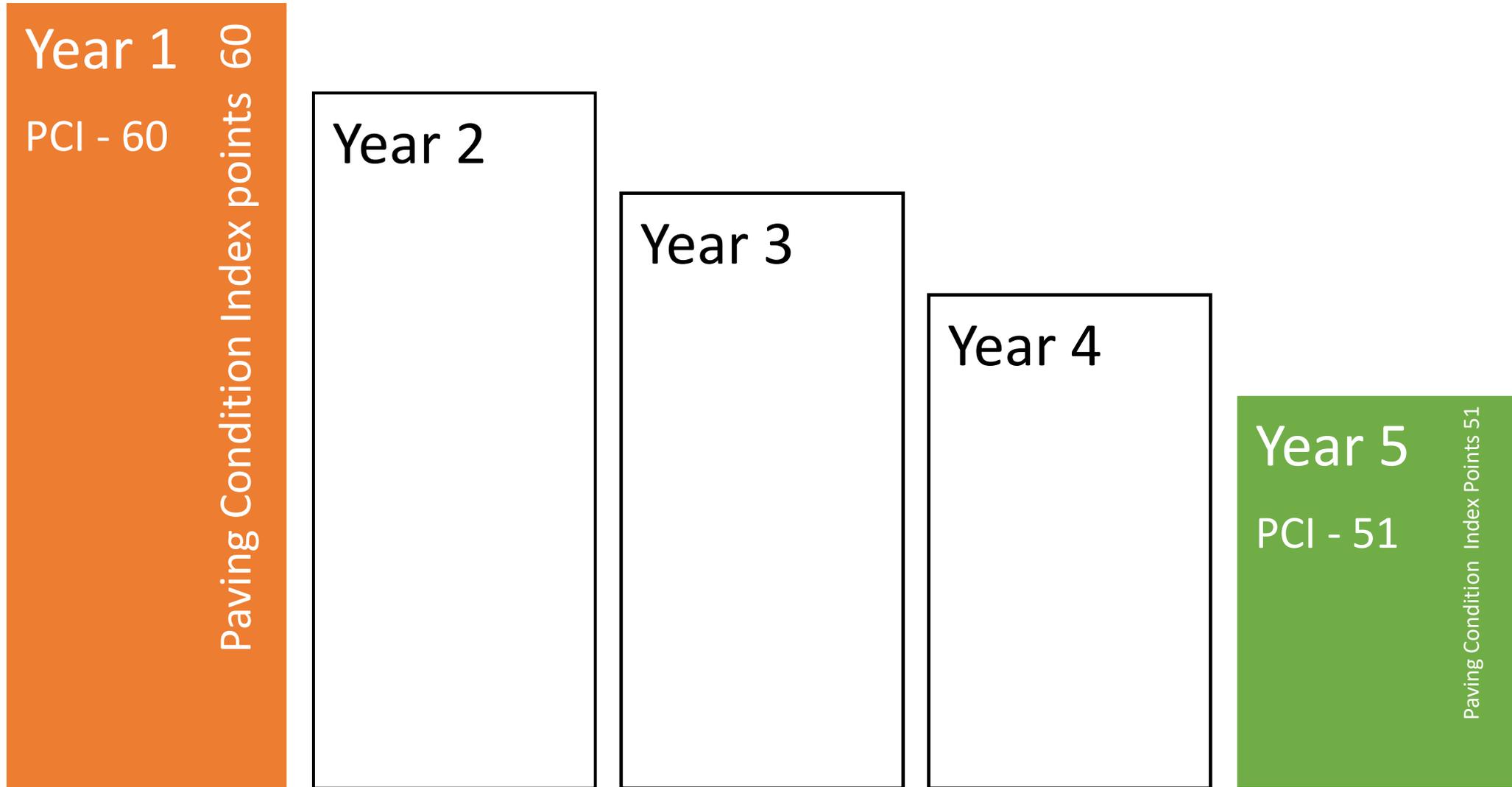
FY 2022-23 Budget

City of Richmond
Self-Insured Liability Program
Estimated Liability for Unpaid Loss and LAE
at June 30, 2021

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$14,920,000	\$16,502,000	\$17,173,000	\$17,964,000	\$18,964,000	\$20,292,000
ULAE	362,000	400,000	417,000	436,000	460,000	492,000
Investment Income Offset	<u>(404,000)</u>	<u>(447,000)</u>	<u>(465,000)</u>	<u>(487,000)</u>	<u>(514,000)</u>	<u>(550,000)</u>
Discounted Loss and LAE	\$14,878,000	\$16,455,000	\$17,125,000	\$17,913,000	\$18,910,000	\$20,234,000

Fiscal Headwinds

Deteriorating Infrastructure – Paving Condition Index





Next Steps

FY 2021-2022 Year-End Clean Up
(September 2022)

FY 2022-2023 First Quarter
Update (October 2022)



**THANK YOU
&
QUESTIONS?**