



AGENDA REPORT

Finance Department

DATE:	June 7, 2022
TO:	Mayor Butt and Members of the City Council
FROM:	Shasa Curl, City Manager Anil Comelo, Interim Deputy City Manager Delmy Cuellar, Director of Finance LaShonda White, Interim Director of Library and Community Services Mubeen Qader, Budget Administrator Antonio Banuelos, Accounting Manager
Subject:	Acknowledge receipt of Fiscal Year 2022-2023 Proposed Second Draft Budget
FINANCIAL IMPACT:	There is no financial impact to receiving this report.
PREVIOUS COUNCIL ACTION:	April 19, 2022, April 26, 2022. May 3, 2022, May 17, 2022, and May 24, 2022.
STATEMENT OF THE ISSUE:	On May 3, 2022, City Council received a draft of the balanced FY 2022-2023 operating budget and FY 2022-2027 Capital Improvement Plan budget. At this time, the draft General Fund budget reflects an operating budget surplus of approximately \$4.5 million. The purpose of this item is to provide the City Council an overview of the budget documents, discuss potential future revenue and expenditure adjustments, and receive direction from City Council prior to final budget adoption.

RECOMMENDED ACTION:	RECEIVE an update on the draft Fiscal Year (FY) 2022-2023 Annual Operating Budget and Fiscal Year 2022-2027 Five-Year Capital Improvement Plan Budget and provide guidance regarding budget development – City Manager’s Office/Finance Department (Shasa Curl/Delmy Cuellar 510-620-6740).
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DISCUSSION:

In accordance with Richmond Municipal Code Section 2.61.010, on May 3, 2022, the City Manager submitted the first draft of the Fiscal Year (FY) 2022-2023 operating budget, and FYs 2022-2023 – 2026-2027 Five-Year Capital Improvement Plan budget. Initially, the operating budget gap was approximately \$1.9 million; however, the City staff provided several pending adjustments that would increase the revenues, reduce the expenditures, and result in a budget surplus of \$27,854.

Table 1: May 3, 2022, First Draft Budget FY 2022-2023 Revenue and Expenditures

GENERAL FUND	FY 2022-2023 DRAFTBUDGET	PENDINGADJUSTMENTS	FY 2022-2023 DRAFTBUDGET 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)/+Surplus	(1,889,346)	1,047,000	27,854

Since May 3, 2022, City Council received informative budget presentations from most City departments, as well as a presentation on the cost allocation plan from NBS Consulting. After further review and analysis of revenues and expenditures, the draft General Fund budget reflects a surplus of approximately \$4.5 million.

On June 7, 2022, City staff will provide a FY 2022-2023 budget update, discuss proposed adjustments that are not currently included in the budget, and provide an opportunity for City Council to provide direction on changes to the draft budget prior to final approval on or before June 30, 2022.

SUMMARY

The FY 2022-2023 citywide expenditure budget amounts to \$428,731,367 million, of which \$201,969,824 is from the General Fund, and \$226,761,543 million is from non-General Fund accounts.

- **General Fund:** The draft FY 2022-2023 proposed General Fund budget has a projected surplus balance of \$4,513,570, with revenues estimated at \$206,483,394 and expenditures estimated at \$201,969,824. These projections are an increase from the current FY 2021-2022 revenue and expenditure budget by 7.4 percent and 3.3 percent respectively. The FY 2022-2023 proposed draft budget is also presented in Attachment 1 – Comprehensive Budget by Fund.
 - **Revenue:** City staff projects an additional \$14.3 million in General Fund revenue in comparison to the current FY 2021-2022 revised General Fund budget. Property taxes, sales and use tax, and utility users tax saw the highest increases. The General Fund Revenue Summary is available in Attachment 2.
 - **Expenditures:** Major expenditure categories are listed below, and additional information can be found in Attachment 3 – General Fund by Department:
 - Salary/Wages and Fringe Benefits (\$146.9 million)
 - Cost Pool (\$15.3 million)
 - Professional Admin (\$14.6 million)
 - Operating Transfers Out (\$12.7 million)
 - Cost Allocation Plan (\$3.5 million)
- **Multi-Year Position Listing:** The proposed budget includes salaries and wages of 710.1 Full-Time Equivalent (FTE) positions, which are net four (4) additional FTEs than the Mid-Year FY 2021-2022 approved FTE total. The Multi-Year Position Listing is available in Attachment 4.
- **Non-General Fund:** The total non-General Fund budget is estimated at \$226,761,543 and primarily includes funds dedicated to housing, debt service, enterprise funds, and other city operations. The Non-General Fund by Category summary is included in Attachment 5.
- **Capital Improvement Plan (CIP):** The CIP includes essential capital projects and has a total budget of \$76,767,879 spread across several funds (Attachment 6 – List of CIP Projects). The CIP lists many projects that are unfunded; however, the funded projects are budgeted on annual basis.
- **American Rescue Plan Act (ARPA):** To support Covid-19 relief, the City received \$27.7 million in ARPA funds, and as part of the FY 2021-2022 budget, City Council approved allocations of \$10.5 million to support various projects (Attachment 7 – ARPA Funding Table). A community needs assessment process, initiated in May 2022, and a strategic investment plan will provide recommendations to City Council to help inform spending for the remaining \$17.2 million.

- Reimagining Public Safety Intervention Programs: Programs implemented as part of Youthworks, Office of Neighborhood Safety, Unhoused Intervention, and Community Crisis Response Program are budgeted at an estimated total of \$7,114,474 for FY 2022-2023 (Attachment 8 – Reimagining Public Safety Table).

City staff is proposing to implement several revenue and expenditure adjustments, as noted and proposed in Table 10, prior to bringing the final budget back before June 30, 2022, for approval.

GENERAL FUND

The updated FY 2022-2023 budget provides a projected surplus balance of \$4,513,570, with proposed total general fund revenues at \$206,483,394 and proposed expenditures at \$201,969,824.

Table 2: Updated General Fund Draft Budget FY 2022-2023 Revenue and Expenditures

GENERAL FUND	FY 2022-2023 DRAFT BUDGET
TOTAL REVENUE	\$206,483,394
TOTAL EXPENSE	\$201,969,824
Net (-Gap)/+Surplus	\$4,513,570

Revenues

The total proposed General Fund revenue for the FY 2022-2023 budget is approximately \$206.5 million. City staff is projecting an additional \$14.3 million in General Fund revenue from the current FY 2021-2022 Revised General Fund Budget. Detailed information regarding revenue changes can be found in Attachment 2 – General Fund Revenue Summary.

Property Tax – Increase of \$823,000: In preparing the FY 2022-2023 budget, City staff forecasted Assessed Valuation (AV) growth of three percent. This was based on the change in value of properties sold during the last year, the Chevron Refinery AV remaining flat, and all other properties increasing by two percent. Actual change in AV will not be known until the Equalized Roll is published by Contra Costa County the first week of July 2022. This roll will list every property in Richmond, including their updated valuation.

Sales Tax – Increase of \$3.3 million: This increase is based on updated estimates provided by the City’s sales tax consultants, Avenue Consulting. This increase is in part due to the local economy doing well, bolstered by the big-box stores including Costco, Target, The Home Depot, and Wal-Mart. Additionally, the increase corresponds to an

overall increase of 6.3 percent for the sales tax category. In particular, the Bradley Burns 1 percent sales tax is projected to increase by five percent, while the voter-approved half cent measure are expected to increase by 10 percent in the coming year compared to the current FY 2021-2022 revised budgeted amounts.

Utility Users Tax (UUT) – Increase of \$3.4 million: UUT is an “excise” or usage tax imposed on a person or entity using utility services (i.e., electricity, gas, or communications). For the most part, the various UUT streams such as cable television, gas and electricity, and telecommunications are expected to stay flat with zero percent grow this coming year. An increase of \$3.4 million is budgeted stemming from a forecasted increase to the Utility User Tax Cap Provision. The cap amount, paid by Chevron, is tied the Consumer Price Index (CPI) for energy services in the San Francisco metropolitan area. This particular CPI through the April postings by the United States Bureau of Labor Statistics corresponds to an increase of over 13 percent. Actual amount will not be known until the end of June.

Other Taxes – Increase of \$685,000: This revenue category includes the Documentary Transfer Tax, whose budgeted amount corresponds to the average Transfer Tax collected since the voter-approved tiered structure went into effect in 2019, as per instructions within the Guiding Fiscal Policies. This yields an estimate of \$13.6 million which is the same as the budgeted amount in revised FY 2021-2022 budget.

Licenses, Permits & Fees – Net Increase of \$775,000: \$425,000 of this increase stems from increased Code Enforcement collections. \$158,000 stems from a two percent increase of Business Tax. Finally, City staff is projecting an increase of \$332,000 in Recreation fees, as Recreation programs approach pre-pandemic levels. All other revenue streams that feed into this category will see a net decrease of \$140,000. This decrease is primarily tied to one-time revenues (and corresponding expenses) tied to both Point Molate and Campus Bay projects.

- **Measure U** -- City staff is budgeting \$7.9 million, plus an escalator of two percent, which corresponds to an additional \$158,000, for a total of \$8,058,000. The budgeted amounts include the reduction to the tax due by small residential property owners. A Resolution was adopted in December 2021, allowing landlords with four or less residential units to credit their paid Rent Board fees against their gross receipts tax obligation, and is carried forward in the proposed budget. City staff will continue analyzing this new revenue stream and update projections as more data is gathered.

Other Revenues (Includes Fines & Forfeitures, Charges for Services, Other Revenues, Rental Income, Intergovernmental State Taxes & Grants, and Loan & Bond Proceeds, and Operating Transfers In) – Net decrease of \$920,000. Most of these adjustments generate from revenue received year-to-date that were either not expected or are exceeding projections. In some cases, these are one-time revenue increases and

decreases that cannot be anticipated, or the amount received is deviating significantly from previous years.

- Increase to Fines & Forfeitures of \$6,378 or 1.4 percent stemming from projected increase in Municipal Court Fines.
- Increase to Charges for Services of \$146,833 primarily from increased Police Special Services.
- Decrease to Other Revenue of \$1,286,427 stemming from one time revenue that occurred in FY 2021-2022, that will not occur again in FY 2022-2023. This includes pass-through payments related to Point Molate and Campus Bay projects.
- Increase of \$127,239 in Rental Income primarily tied to rental of Recreation facilities as Recreation programs approach pre-pandemic levels.
- Increase of \$35,000 in Intergovernmental State Taxes stemming from State Mandated Claims reimbursements trending higher in FY 2021-2022 and that trend is expected to continue in FY 2022-2023.
- Decrease of \$12,878 in Intergovernmental State Grants. This is directly tied to an Office of Neighborhood Services State Grant that was budgeted in FY 2021-2022 and is not expected in FY 2022-2023.
- Increase of \$100,000 in Intergovernmental Other Grants. Staff is expecting additional revenue in Supplemental Law Enforcement Revenue from the County.
- Decrease of \$36,400 in Loan and Bond Proceeds. No loan and bond proceeds are expected in FY 2022-2023. If that changes, the corresponding budget will be adjusted at mid-year.

Operating Transfers In – Increase of \$6,210,346 in Operating Transfers-In from the Pension Tax Override Fund. The revenue that flows into the Pension Tax Override fund is expected to increase at the same rate as Property Taxes. What is unique in FY 2022-2023 is that the Bond Intercept amount, which was \$12.7 million in FY 2021-2022 will go down to \$6.6 million in FY 2022-2023. However, the Bond Intercept will go back up to \$13.0 million in FY 2023-2024.

Proposed General Fund revenue adjustments in the FY 2022-2023 budget for July 1, 2022, are as follows and in Attachment 2.

Table 3: General Fund Revenue Draft Budget

GENERAL FUND REVENUES	FY 2021-2022 REVISED BUDGET	FY 2022-2023 PROPOSED BUDGET	PCT 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 & PROPRTY	\$236,079	\$236,079	0.0%
CHARGES FOR SERVICES	\$3,424,459	\$3,571,292	4.3%
OTHER REVENUE	\$1,473,927	\$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	-	(100.0%)
OPERATING TRANSFERS-IN	\$10,204,224	\$16,414,570	60.9%
GENERAL FUND REVENUES	\$192,180,338	\$206,483,394	7.4%

Expenditures

FY 2022-2023 total proposed expenditures are \$201,969,824. Overall, total expenditures are increasing by 3.4 percent from the FY 2021-2022 revised budget. Major increases are included in Table 4 below:

Table 4: General Fund Expenditures

GENERAL FUND EXPENDITURES	FY 2021-22 REVISED BUDGET	FY 2022-23 PROPOSED BUDGET	PCT CHANG E
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%

Table 5 below lists the assumptions used in the General Fund FY 2022-2023 budget development.

Table 5: General Fund Expenditures Assumptions

Expenditures Category	Assumptions
SALARIES AND WAGES	Fire and Police Cost of Living Adjustment (COLA) pending, Executive, Local 21, and Local 1021, five percent (5%) COLA as of 1/1/2023, other pays based on existing MOUs and current enrollments.
PAYROLL/FRINGE BENEFIT	Healthcare costs at current rates as of FY 2021-2022, Other Post-Employment Benefits per current Actuarial report, Retirement rates per current CalPERS rates. Worker's Comp rate one percent (1%) increase in each category
PROFESSIONAL & ADMIN	Baseline budget, with one-time appropriations removed, Campus Bay Litigation Costs of \$900,000, 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)	Five percent (5%) increase from current year budget
COST POOL (Cost Allocation Plan - Admin Charges)	Five percent (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 one-time subsidies to non-GF programs.

Salaries and Fringe Benefits: The proposed budget includes salaries and wages of 710.1 Full-Time Equivalent (FTE) positions, which represents a net increase of four (4) additional FTEs when compared to than the Mid-Year FY 2021-2022 approved total. The additional and eliminated positions are listed in the Table 6 below, and the complete list of proposed positions by department for FY 2022-2023 are included in Attachment 4 – Multi-year Position Listing. Other assumptions include cost of living adjustments (COLA) per the approved MOUs with Executives, Local 21, and SEIU Local 1021 bargaining units. Respective fringe benefits are projected based on several factors such as health care provider rates, CalPERS rates, Other Post-Employment Benefits rates, and Workers Compensation rates.

Table 6: List of Additional Proposed Positions FY 2022-2023

Department	Classification	FTE
Additional FTE:		
City Manager Office	Management Analyst I/II	1
Economic Development	Management Analyst I/II	1
Public Works	Maintenance Worker I/II	3
Total Additional FTE		5
Eliminated FTE:		
Finance	Accounting Assistant I/II	(1)
Net Change in FTE		4

Workers Compensation and General Liability: Rates are generally derived from the Actuarial report that factors in several drivers around the number of existing claims and expected claims depending on the existing risk and targeted confidence level of the Risk Reserve. The initial rates, in the proposed draft budget presented on May 3, 2022, were to achieve 65 percent confidence Risk Reserve level, resulting in significant increases in charges from the current year budget level. To avoid drastic budget increases to the City departments, the City staff proposes that the increase in the confidence level should be implemented gradually over several years. Until the City

develops a formal plan for the Confidence Level increment, the proposed draft budget for FY 2022-2023 is set to increase the General Liability Charges by five percent city-wide from the FY 2021-2022 budget level. Workers Compensation charges are only increasing by one percent in each category listed in Table 7 below.

Table 7: Workers Compensation Proposed Rates for FY 2022-2023

	FY 2021-22 Rates	FY 2022-23 Rates
Worker’s Compensation Clerical	7.83%	8.83%
Worker’s Comp Fire	18.65%	19.65%
Worker’s Comp Professional	5.8%	6.8%
Worker’s Comp Police	22.08%	23.08%
Worker’s Comp Maintenance	12.71%	13.71%

Cost Pool: This expenditure category includes line items where internal costs are allocated to other areas within the City. Major line items within the category are: General Liability (discussed above), Vehicle Replacement, Civic Center Debt Allocation, and Cost Allocation Plan (Administrative Charges).

- **Vehicle Replacement** allocates direct charges for new vehicles. Fleet division within Public Works facilitates the purchase of new vehicles for all departments of the City. The line item tracks the cost of the new vehicles specific to each department based on the requested vehicle/s.
- **Civic Center Debt Allocation** allocates the debt to the departments that are reside on the Civic Center Plaza, General Fund divisions’ allocation is tracked in the non-departmental and other divisions get the allocation based on the debt to be allocated.
- **Cost Allocation Plan (CAP) Indirect Administrative Charges** allocates the cost of the City’s Central Divisions to the Services divisions of the City. The CAP has always been prepared by a third-party consulting firm, however, in prior years it was never fully operationalized. The May 3, 2022, draft budget included charges based on the CAP prepared for the FY 2021-2022 by NBS Consulting compliant with title 2 CFR, part 200 federal guidelines. The current proposed budget for FY 2022-2023 deviates from the NBS CAP and adopts five percent incremental charges from the FY 2021-2022 budget. The change in the strategy means the General fund is providing a total subsidy of approximately \$2.5 million to the subject programs (see Table 8).

Table 8: Cost Allocation Plan (Indirect Administrative Costs)

Fund	Description	FY 2021-22 BUDGET	FY 2022-23 CAP*	FY 2022-23 Draft Budget	FY 2022-23 Subsidy
1003	TRANSPORTATION OPERATION	209,716	744,016	220,202	523,814
1012	HILLTOP LANDSCAPE MAINTENANCE DISTRICT	58,375	228,193	61,294	166,899
1015	MARINA BAY LANDSCAPING	34,312	193,954	36,028	157,926
1018	RENT CONTROL	52,481	377,170	52,481**	324,689
1050	CR-PLANNING & BUILDING	840,806	1,095,984	882,846	213,138
1051	CR-ENGINEERING	-	54,291	-	54,291
1055	ENCROACHMENT SVCS	3,192	148,971	3,352	145,619
1200	HOUSING ADMINISTRATION	190,087	91,189	105,019	-
1201	CDBG	25,641	10,841	26,923	-
1205	EMPLOYMENT & TRAINING	-	829,110	411,201	417,909
4001	PORT OF RICHMOND	428,033	235,792	449,435	-
4003	WASTEWATER	330,310	728,090	346,826	381,264
4006	STORMWATER	86,219	106,905	90,530	16,375
4008	KCRT - CABLE TELEVISION	167,612	201,235	175,993	25,242
4404	RHA-NEVIN PLAZA	-	78,878	78,878	-
4405	RHA-NYSTROM VILLAGE	-	41,183	41,183	-
4501	RHA-CENTRAL OFFICE	-	20,374	20,374	-
5001	INSURANCE RESERVES	490,618	627,322	515,149	112,173
6102	SA-ADMINISTRATION	50,000	1,829	13,896	-
	Total	2,967,402	5,815,327	3,531,610	2,539,339

*CAP = Cost Allocation Plan (Indirect Admin Charges) prepared by NBS Consulting

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

Rent Program: To date, there is not an agreement on the analysis or a permanent solution regarding the Rent Program. Since the City Council is required to adopt a budget in June, we will continue to have dialogue. Carrying forward changes from FY 2021-2022 is a one-time recommendation to provide the parties an opportunity to negotiate and develop an acceptable, long-term solution that is agreeable to both sides.

Operating Transfers Out: These General Fund Subsidies and contributions to Non-General Fund programs and contributions, below is the list of major transfers out. Allocation to the Department of Children and Youth is increasing to two percent of the General Fund Revenue and Reimagining Public Safety Programs of Unhoused Intervention and Youthworks are budgeted to receive the baseline amounts of the current year budget. See Attachment 3 – General Fund by Department for detailed budget.

Table 9: General Fund Operating Transfers Out Draft Budget FY 2022-2023

Operating Transfers Out	Draft Budget FY 2022-23
Debt Service	1,744,390
Hilltop Lighting and Landscaping District	229,115
Marina Bay Lighting and Landscaping District	462,436
Employment and Training	1,161,201
Information Technology Equipment Replacement	100,000
Department of Children and Youth	3,936,896
Richmond Housing Authority	1,539,324
Pension Fund	100,485
Reimagining Public Safety -Unhoused Intervention	1,320,000
Reimagining Public Safety -Youthworks	1,980,000
Total	12,573,847

NON-GENERAL FUND/OTHER FUNDS

The total Non-General Fund budget is estimated at \$226,761,543 million and primarily includes funds dedicated to housing, debt service, enterprise funds, and other city operations. The other than General Fund the city has a several funds, each fund’s draft budget is listed in detail in the Attachment 5 – Non-General Fund by Category.

MAJOR CAPITAL PROJECTS

FY 2022-2023 – 2026-2027 Five-year Capital Improvement Plan includes a total budget of \$76,767,879 in several funds. The plan has many projects on unfunded status; however, the funded projects for FY 2022-2023 are budgeted on annual basis and are listed in Attachment 6 - List of Capital Projects. Below, please find a partial list of the major capital projects for FY 2022-2023.

**Boorman Park Revitalization – Public Works – Parks Grant
Draft Budget: \$3,490,204**

The project includes final design, engineering, and construction of the park improvements including: a soccer field, basketball court, children’s play areas with integrated artwork, a fitness zone, community gathering areas including a shade pavilion and outdoor classroom, a multi-use trail with fitness stations, skate features, a public restroom with amenities, two parking lots, and perimeter fencing.

CCTV Truck – Public Works, Water Resource Recovery – Wastewater
Draft Budget: \$515,000

Veolia Water Technology (Veolia) manages the City’s Wastewater Collection system since 2004, through a contract. The terms of the contract require the City to provide “rolling stock” for Veolia to perform inspection and monitoring the sanitary and storm sewer collection system. The current CCTV truck has outlived its useful life and the City is currently paying Veolia \$12,500 per month to lease the equipment, the acquisition of the CCTV Truck will fulfil the terms of the contract between the City and Veolia.

Harbour 8 Park Extension – Public Works, Parks – Grant
Draft Budget: \$6,194,260

The park project will provide land to construct an urgently needed Community Center. Currently, there is no community center (or official park office), anywhere along the 3-mile Richmond Greenway. Harbour-8 Park’s Community Center will create a public building that can transform into a veritable community hub: a public place for thousands of underserved residents to participate in recreational activities, take classes, hold school and community meetings, connect with the City staff to discuss issues, access job and training opportunities, and attend fairs and events. The Harbour-8 Park Community Center will become, in the words of one local resident, “the heartbeat of the community”.

Marina Bay Force Main Extension – Public Works, Water Resource Recovery – Wastewater,
Draft Budget: \$350,000

The project is to install a gravity sewer line from North to South along 27th Street across Regatta to the farthest (deepest) existing sewer manhole. The scope of the project is to eliminate potential for future Sanitary Sewer Overflows in the area.

AMERICAN RESCUE PLAN ACT 2021 (ARPA)

The City received a \$27.7 million ARPA allocation and received its first installment of \$13.9 million in August 2021. Per City Council approval, \$10.5 million of the \$27.7 million was allocated to the various projects listed in Attachment 7. Although a small percentage of the allocated funds have been spent and/or encumbered as of April 15, 2022, City staff are currently working to support the development, design, and/or implementation of all the projects.

On February 15, 2022, the Community Services Department brought forth a contract with HR&A consulting firm to conduct a Community Needs Assessment and develop a Strategic Investment Plan to assist and guiding the distribution of remaining ARPA funds. City staff will provide an update on outreach efforts and input received in late

June/early July 2022. Staff will re-budget any unexpended funds from FY 2021-2022 into the FY 2022-2023 budget, and based on essential needs and community feedback, the remaining ARPA funds can be allocated in FY 2022-2023 or through December 2024.

REIMAGINING PUBLIC SAFETY

In June 2021, the City Council approved the recommendations of the Reimagining Public Safety Community Task Force, which included an allocation of \$6.38 million for the four (4) interventions listed below. As with ARPA, the year-to-date expenditures have been lower than expected, but City staff are working diligently to implement all programs. Budget information through April 15, 2022, regarding each intervention area can be found in Attachment 8 – Reimagining Public Safety. The proposed draft budget for each intervention area for FY 2022-2023 is noted below as a placeholder:

- YouthWORKS: \$1,980,000
- Office of Neighborhood Safety: \$2,334,474
- Community Crisis Response Program: \$1,000,000
- Unhoused Interventions: \$1,800,000

The numbers above are estimates and based on prior approval from City Council. City staff will continue to evaluate the intervention areas, and budget requests will be based on actual needs to ensure the necessary services are provided to the Richmond community. For example, the City Council may consider directing City staff to add additional personnel to expand intervention areas and improve service delivery.

PENDING ADJUSTMENTS TO BALANCE THE BUDGET FOR FINAL APPROVAL

Below is the list of the items that are still pending decision before incorporating the FY 2022-2023 budget projection.

Table 10: Pending General Fund Adjustments to Balance the Budget for Final Approval

Potential Funding Sources		Potential 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
Transfer In From PTOR*	149,000	City Attorney Legal Services	1,500,000
Other Savings	738,461	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 Appropriation Requests	Not included
		City-wide Position Requests	Not included
Total Available	13,740,215	Total Potential Appropriations	13,740,215

*Secured Pension Tax Override Fund (PTORS)

**[California Reparations Task Force Releases Interim Report Detailing Harms of Slavery and Systemic Discrimination on African Americans](#)

NEXT STEPS

The next step in this process is for the City staff to proceed with the adjustments based on direction from the Council and update the FY 2022-2023 budget for final approval. The City staff will bring back a balanced FY 2022-2023 budget for adoption on June 21, 2022. Please visit the City’s website at <https://www.ci.richmond.ca.us/1427/Presentations> for the most up-to-date budget information and presentations.

DOCUMENTS ATTACHED:

- Attachment 1 – Comprehensive Budget by Fund
- Attachment 2 – General Fund Revenue Summary
- Attachment 3 – General Fund by Department
- Attachment 4 – Multi Year Position Listing
- Attachment 5 – Non-General Fund by Category
- Attachment 6 – List of Capital Projects
- Attachment 7 – ARPA Funding Table
- Attachment 8 – Reimagining Public Safety Table
- Attachment 9 – June 7, 2022 Budget Update Slide Deck