

**DRAFT**



# City of Richmond Fiscal Year 2022-23 Draft Operating Budget

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**DRAFT**

June 7, 2022

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# Background - First Draft – May 3, 2022

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

# 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	63%
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%
<b>TOTAL REVENUE</b>	<b>192,180,338</b>	<b>206,483,393</b>	<b>7.4%</b>

\*Current Year (CY)

# General Fund Expenditure Assumptions to Date

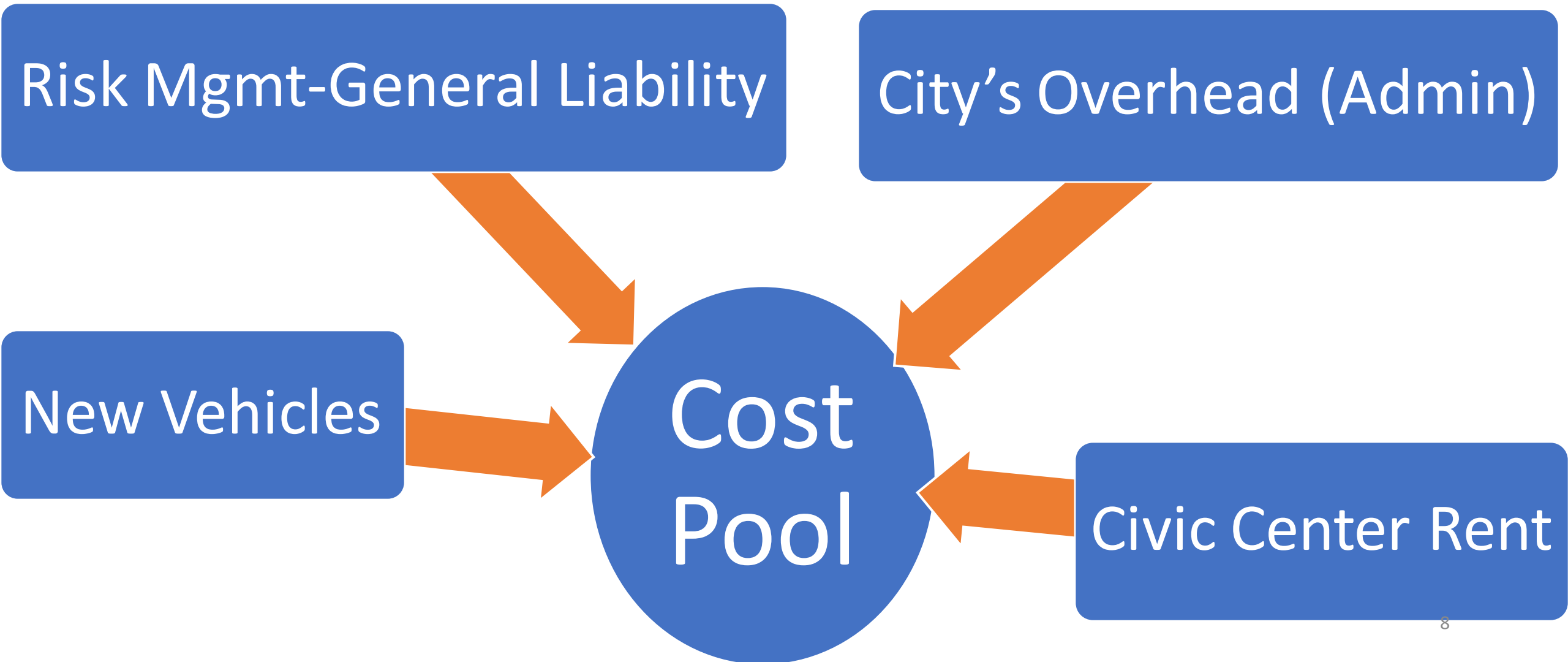
Expenditures Category	Assumptions/Descriptions
SALARIES AND WAGES	IAFF, RFMA, RPMA, RPOA COLA pending, Executive, Local 21 and Local 1021 5 percent COLA as of 1/1/2023, other pays based on existing MOUs and current enrollments.
PAYROLL/FRINGE BENEFIT	Healthcare cost at current rates as of FY2022, OPEB 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 Expenditures

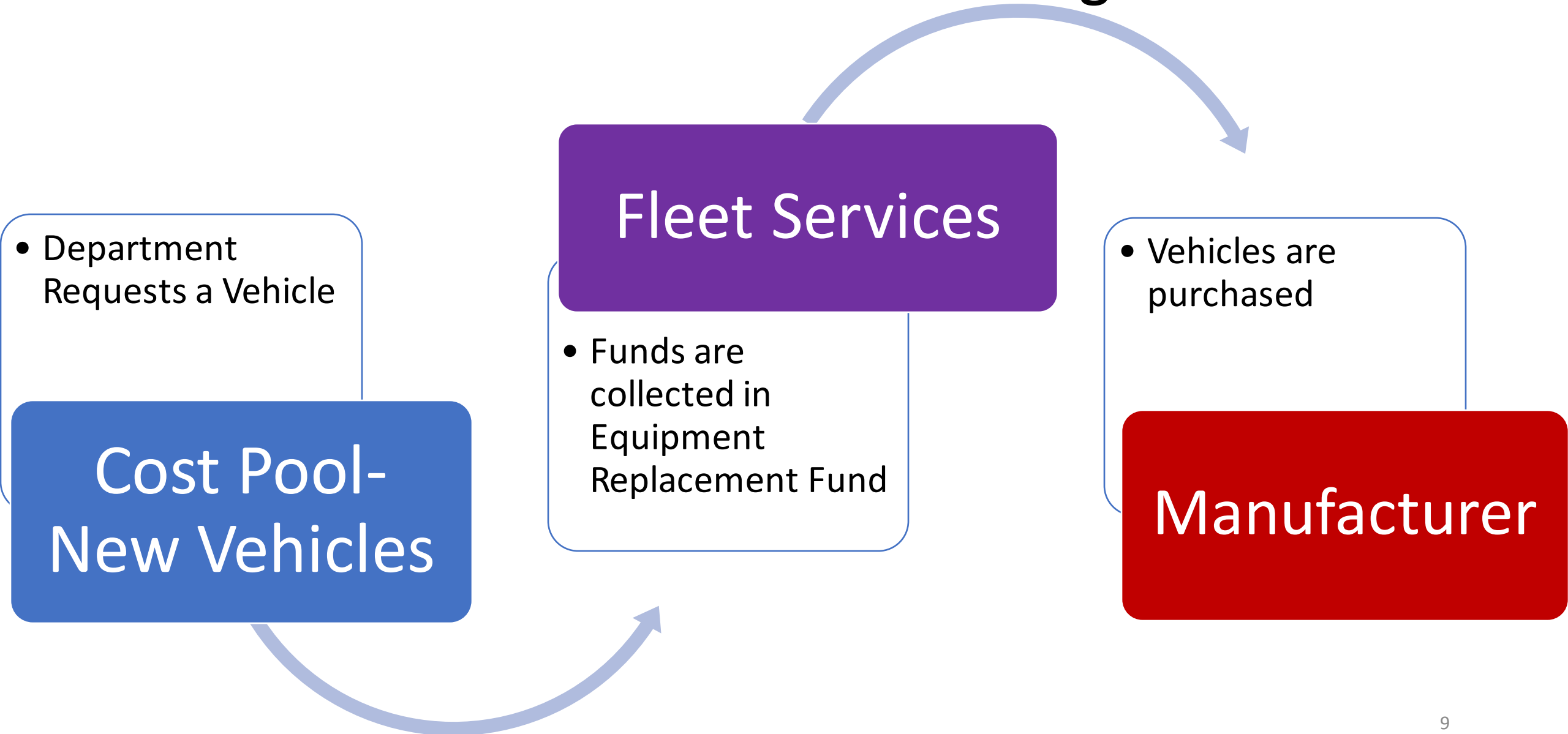
<b>GENERAL FUND EXPENDITURES</b>	<b>FY2021-22 REVISED BUDGET</b>	<b>FY2022-23 PROPOSED BUDGET</b>	<b>PCT CHANGE</b>
PAYROLL AND FRINGE BENEFITS	\$137,965,780	\$146,930,765	6.5%
PROF & ADMIN	\$16,480,924	\$14,593,327	(11.0%)
OTHER OPERATING	\$7,222,113	\$5,896,395	(18.0%)
UTILITIES	\$5,002,018	\$5,143,076	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%)
<b>TOTAL EXPENDITURES</b>	<b>\$195,575,271</b>	<b>\$201,969,824</b>	<b>3.3%</b>

# What is Cost Pool?





# Cost Pool - New Vehicles Charge



# Cost Pool- Risk Management Reserve Fund

General Liability Charges from Departments

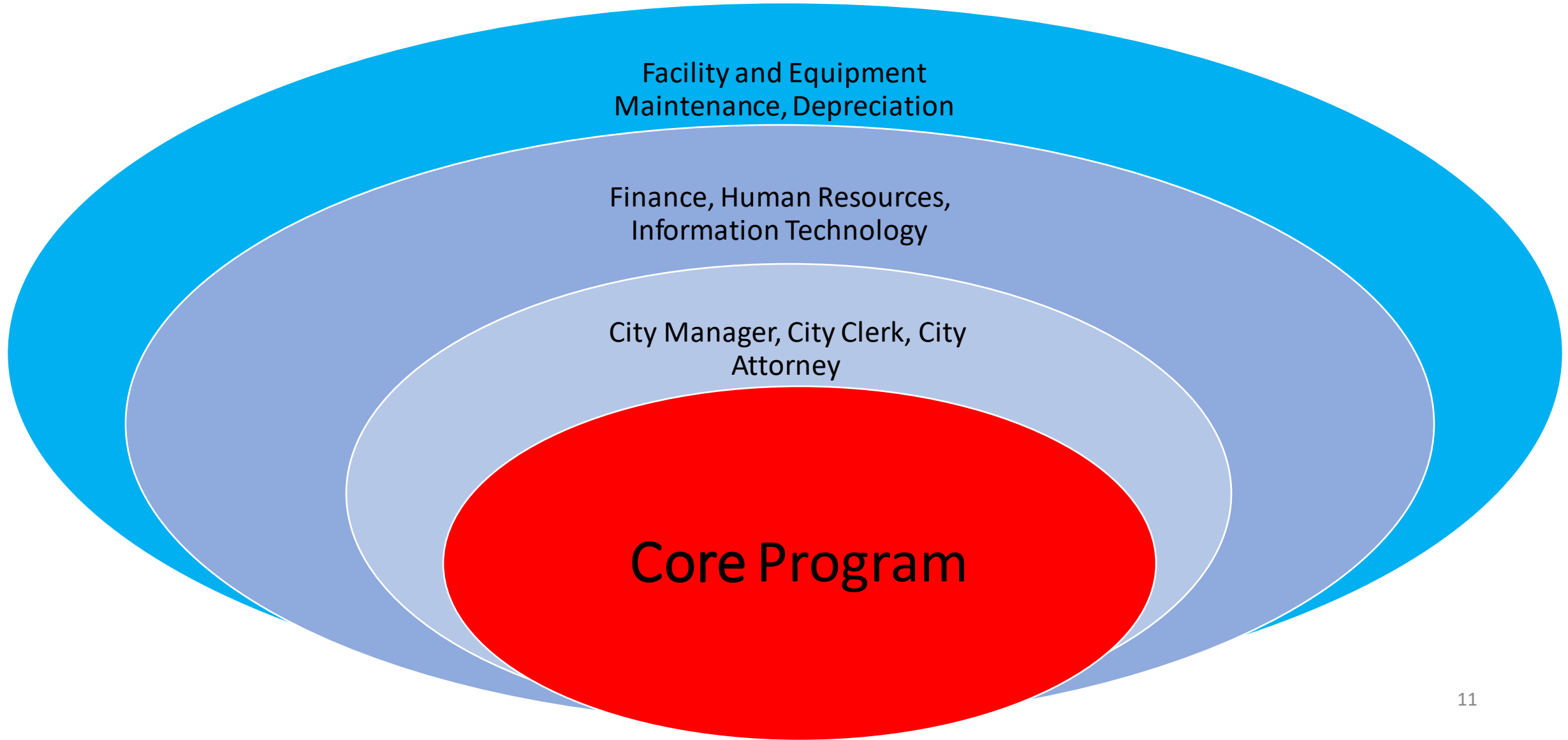


Workers Comp, a Payroll Deduction



Administrative Costs (Risk Management staff salaries, benefits and operating expenses)  
These costs are then allocated to City Departments using a formula that includes number and costs of claims, number of employees, and payroll costs to determine the percentage of their contribution.

# Cost Pool-Cost Allocation Plan – (Overhead)



# Cost Pool - Civic Center Rent

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



# Risk Management Reserve

- The Risk Management Budget is comprised of:
  - Claims Costs
  - Insurance Premiums
  - Legal Costs
  - Administrative Costs (Risk Management staff salaries, benefits and operating expenses)
- These costs are then allocated to City Departments using a formula that includes number and costs of claims, number of employees, and payroll costs to determine the percentage of their contribution.

# 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
<b>Total</b>	<b>18,022,436</b>	<b>23,495,115</b>	<b>19,671,750</b>	<b>19,671,750</b>
	Difference:	Revenue	1,649,314	Increase
		Expenditure	3,823,365	Decrease

# FY 22/23 Risk Management Budget

- The original, proposed Risk Management budget increased by 14.5% due to increased claims costs, self-insured retention threshold increase, and higher insurance premiums.
- Through the budget development process, the budget was refined and adjusted.
- To reduce the fiscal impact on City departments, a reduced budget has been submitted to Council with the plan to revisit the budget at mid-year.

# The Risk Management Insurance Reserves

- The Insurance Reserves is the mechanism through which the allocations flow and Risk Management program is funded.
- Funding at the 80% confidence level, which is mandated by Council resolution, provides an 80% chance of being able to pay for the self-insured portion of the City's Worker's Compensation and General Liability claims. This is a benchmark for self-insurance program funding throughout the industry for public entities.
- The City is currently at the 61% confidence level and is projected to be at the 59% confidence level at the close of this fiscal year.



# Subsidies Provided Through lowered Overhead

CENTRAL SERVICES CHARGING OVERHEAD	FY22-23 DRAFT BUD.	OVERHEAD RECOVERY	PROGRAMS PAYING OVERHEAD	FY2021-22 BUDGET	FY2022-23 C.A.P.*	FY2022-23 DRAFT BUD.	FY2022-23 SUBSIDY
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	-
<b>Total</b>	<b>74,015,734</b>	<b>3,534,234</b>	<b>Total</b>	<b>2,967,402</b>	<b>5,815,327</b>	<b>3,531,610</b>	<b>2,539,339</b>

\*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 17

# 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.

# 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
<b>TOTAL</b>	<b>\$12,573,847</b>

# Draft FY 2022-23 General Fund Balanced Budget

June 7, 2022

GENERAL FUND	FY2022-23 DRAFT BUDGET
TOTAL REVENUE	206,383,394
TOTAL EXPENSE	201,869,824
<b>Net (-Gap)/+Gap</b>	<b>4,513,570</b>

# 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	250,000
		Implementation – Year One	
		Literacy Fair	5,000
		Short-term Emergency Housing Interventions	100,000
		New City-Wide Appropriations Request	Not Included
		City-Wide Positions Request	Not Included
<b>Total Available</b>	<b>13,740,216</b>	<b>Total Appropriations</b>	<b>13,740,215</b>

# CIP -Total Budget \$76,767,879 (Major Projects)



Boorman Park Revitalization - \$3,490,204

CCTV Truck - \$515,000

Harbour 8 Park Extension - \$6,194,260

Marina Bay Force Main Extension - \$350,000

# 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
	<b>ARPA REVENUE -TOTAL</b>	<b>\$(27,740,723)</b>	<b>\$(13,870,362)</b>	<b>\$ -</b>	<b>\$(13,870,362)</b>	
<b>Project Code</b>	<b>ARPA EXPENDITURES</b>					
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
	<b>Total - ARPA FY2021-22</b>	<b>\$ 10,500,000</b>	<b>\$ 51,164</b>	<b>\$ 573,921</b>	<b>\$ 9,874,915</b>	
	<b>REMAINING ARPA ALLOCATION</b>	<b>\$(17,240,723)</b>				

\* 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



Request for Proposals (RFP)  
for  
Community Crisis Response Project (CCRP)  
For the  
City of Richmond

Release Date:  
Friday, April 15, 2022

Closing Date and Time:  
Friday, May 20, 2022, at 12:00pm

Contact:  
LaShonda White, Interim Director of Community Services  
[lashonda.white@ci.richmond.ca.us](mailto:lashonda.white@ci.richmond.ca.us)  
510.620.6828

Submission Location:  
Bids/Online - Electronic Proposals Only Via the City's Secured Online Bidding System

Interested parties may download copies of the above-mentioned proposal by visiting the City's web site (<https://www.ci.richmond.ca.us/bids/>). To download the RFP, new vendors will be required to register. Once the vendor downloads any documents relative to a solicitation, that vendor's name will appear on the Prospective Bidders list for that project and will receive any addenda or notifications relating to the RFP.





# 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 37<sup>th</sup> Street Underpass  
Desi Mundo (2022)