



AGENDA REPORT

Finance Department

DATE:	March 11, 2025
TO:	Mayor Martinez and Members of the City Council
FROM:	Shasa Curl, City Manager Nickie Mastay, Deputy City Manager, Internal Services LaShonda White, Deputy City Manager, Community Services Andrea Miller, Director of Finance Mubeen Qader, Deputy Director of Finance Jerry Gurule, Accounting Manager
SUBJECT:	Fiscal Year (FY) 2023-24 Audited Unspent Funds
FINANCIAL IMPACT:	Appropriate General Fund FY 2023-24 audited unspent funds of \$5,571,504 and Increase the General Fund loan commitment to Homekey Project by \$1,400,000 for total unspent funds of \$6,971,504.
PREVIOUS COUNCIL ACTION:	October 1, 2024, November 19, 2024, December 17, 2024, February 4, 2025, and March 4, 2025.
STATEMENT OF THE ISSUE:	City staff are presenting the Fiscal Year (FY) 2023-24 Audited Unspent Funds and recommending appropriations totaling \$6,971,504
RECOMMENDED ACTION:	DISCUSS and ADOPT resolutions to APPROPRIATE Fiscal Year 2023-24 audited unspent funds in the amount of \$5,571,504 and COMMITTING an additional \$1,400,000 to the Homekey Project loan, for total unspent funds of \$6,971,504 – Finance Department (Andrea Miller 510-620-6790/Mubeen Qader 510-412-2077/Jerry Gurule 510-620-6591).

DISCUSSION:

The Fiscal Year (FY) 2023-24 budget was adopted on June 20, 2023, and later revised during the mid-year budget review on March 5, 2024. Serving as a financial blueprint, the budget outlines projected revenues and planned expenditures for the fiscal year while aligning with City Council's priorities. During the budget development process, the City Council identified a set of high-priority expenditures to be funded if additional

revenue became available. On October 1, 2024, City staff presented estimated unspent funds of \$5,735,634, which the City Council appropriated to various programs and projects (Attachment 1 - Resolution No. 110-24).

On February 4, 2025, City staff presented the Annual Comprehensive Financial Report (ACFR) to the City Council for the Fiscal Year ending June 30, 2024 ([City-of-Richmond-ACFR-FY2024](#)). The ACFR includes the City of Richmond’s basic financial statements, auditor’s report, and key supplemental information, providing a comprehensive overview of the City’s financial position and activities.

The City’s General Fund cash reserve policy requires the City to maintain a minimum year-end contingency reserve balance of 21 percent (\$52.3 million) of next year’s budgeted General Fund expenditures, including transfers out. As of June 30, 2024, the City’s cash reserve, a component of the unassigned fund balance, is \$65.3 million or 26.2 percent.

The \$6.9 million in unspent funds is available after (1) calculating the difference between the 21 percent fund balance target and the 26 percent ending unassigned fund balance amount; (2) adjustments made for approved policies on Pension and Other Post-Employment Benefits (OPEB) contributions; and (3) appropriations approved by the City Council on November 19, 2024, and December 17, 2024 (Attachment 2).

Table 1 below details the appropriations approved by the City Council through December 2024.

Table 1: Appropriations approved by the City Council

Item	Amount
Operating Costs Appropriated during Q1 update - November 19, 2024	(334,464)
Library Renovation Project - November 19, 2024*	(4,100,000)
Legal Costs - Nevers, Palazzo, Packard, Wildermuth & Wynner, PC - December 17, 2024	(200,000)
Legal Costs - Bertrand, Fox, Elliot, Osman, & Wenzel - December 17, 2024	(200,000)
Legal Costs - Dave Aleshire - December 17, 2024	(154,626)
Total	(4,989,091)

* Adopted a resolution to appropriate \$4,100,000 from the General Fund to the General Capital Fund to the Revitalizing the Historic Main Library Project – Public Works.

Table 2 below summarizes the ACFR and audited unspent funds.

Table 2: Audited Amounts

Item	Audited Amount
FY 2023-24 Ending Unassigned Fund Balance (Reserve) (26%)	65,262,325
FY 2024-25 Policy Target Beginning Fund Balance (Reserve) (21%)	52,276,428
Reserve Above Policy Target	(12,985,897)
Unspent from FY 2023-24	(12,985,897)
Additional Contribution to OPEB @ 10% of Unspent Funds	512,651
Additional Contribution to Pension @ 10% of Unspent Funds	512,651
Additional Appropriations from 11/19/24 and 12/17/24 (See table 1 above)	4,989,091
Total Available Unspent Funds	(6,971,504)

Recommendations for Unspent Funds

Economists note that the tariff threats, federal government worker layoffs, and federal contractors' terminations are cooling the economy. Businesses find it hard to plan costs, delaying investments, and hiring. These uncertainties may impact the City's revenues negatively and also increase costs for existing services and projects.

In addition, prior year unspent funds are considered one-time funding and per the Government Finance Officers Association, the best practice is to appropriate one-time funds to one-time expenditures (i.e., non-recurring projects or programs). To help guide the City Council's discussion, City staff are recommending a commitment of funds or an appropriation that may include the following projects in the amount of \$5,971,504:

- Homekey Project - \$1.4 million (loan)
- Boorman Park Remediation - \$250,000
- Boorman Park Revitalization - \$400,000
- Booker T. Anderson Community Center (Phase III) - \$2.7 million
- Carlson Blvd Crosstown Connection (Phase II) - \$1.22 million

The remaining \$1 million was allocated to support immigration services per City Council direction during its March 4, 2025, City Council meeting.

Homekey Project

The City's Homekey project, which includes the acquisition of Motel 6 at 425 24th Street, to convert it into a 48-unit permanent supportive housing development serving the chronically homeless, has been identified as requiring additional funding. Currently, it is estimated that an additional \$3.4 million can be divided into two phases of the project: 1) rehabilitation (capital costs), and 2) operations. As such, \$1.4 million can be allocated to fund capital costs related to the conversion and rehabilitation of the former motel, which is anticipated to begin construction in April 2025. The remaining \$2 million needed can be spread over the first 7 years, from occupancy to support operating costs, including rent and capital reserves.

Table 3: Homekey Project Funding

	Current Budget/ Sources	Funding Shortfall	Total Budget	Unspent Funds
STATE HOMEKEY	14,512,660		14,512,660	
Capital (Development Costs)	12,093,460		12,093,460	
Operating (Capitalized Reserve)	2,419,200		2,419,200	
CITY OF RICHMOND	4,900,000	3,400,000	8,300,000	1,400,000
Capital	2,343,460	1,400,000	3,743,460	1,400,000
Operating	2,556,540	2,000,000	4,556,540	
CONTRA COSTA COUNTY	1,000,000		1,000,000	
Capital	1,000,000		1,000,000	
TOTAL COSTS	20,412,660	3,400,000	23,812,660	1,400,000

To move forward, City staff recommend committing an additional General Fund loan in the amount of \$1,400,000 to the Housing In-Lieu fund, to be repaid as fees are collected from new development, which requires amending resolution 63-23 and adopting the attached resolution reflecting the additional \$1.4 million loan (Attachment 3). The remaining \$2 million loan can be committed from the General Fund to the Housing In-Lieu fund in the coming months. The amended resolution increases the total General Fund loan amount to \$8.3 million.

Capital Improvement Project Funding Shortfalls

A list of Capital Improvement Projects (CIP) with funding shortfalls is provided as a draft (Attachment 4). Some projects have a funding shortfall due to increased costs from the original estimates, whereas other projects' funding shortfall is due to the expanded scope of work. The projects below are recommended for further funding from the FY 2023-24 unspent funds based on the ability of staff to move the projects forward within the current fiscal year, potential cost increases, the urgency of funding needed to complete the work and/or meet grant requirements, commitments to and input from residents, and inclusion of the projects in the City Council Goals and Objectives.

Table 4: Capital Improvement Projects Funding Shortfalls for Unspent Funds

Project	Total Shortfall	Unspent Funds
Boorman Park Site Remediation	250,000	250,000
Boorman Park Revitalization	400,000	400,000
Booker T. Anderson Community Center (Phase III)	2,700,000	2,700,000
Carlson Blvd Crosstown Connection (Phase II)	3,000,000	1,221,504
Total	6,350,000	4,571,504

Boorman Park Site Remediation – Project Summary

Originally constructed in 1976, Boorman Park was designed to serve the surrounding neighborhood. Before becoming a park, the site was home to a tile manufacturing business and is bound by industry to the north and a railroad corridor to the north and east.

Currently, the City of Richmond's design team worked with the park's neighbors, the Cortez-Stege Neighborhood Council, and members of three non-profit groups: the West County Regional Group of First5, Rising Juntos, and Healthy & Active Before Five to design the park. This park project aims to improve health and wellness for people of all ages and abilities, safety, beauty, and access to outdoor recreation.

The Park plan identifies berm removal to provide clear visibility to and throughout the site. The project will assess and remove soil contaminants in the park, ensuring it meets safety standards for the revitalization of the park. Construction rubble from the old tile facility requires disposal and clean-up. The site is currently being cleaned up through a Department of Toxic Substance Control (DTSC) permitted project. Funds are needed to support an anticipated cost increase in Q4 FY2024-25 due to the project's complexity in dealing with soil remediation.

Boorman Park Revitalization – Project Summary

The Richmond Parks Master Plan (2010) identifies a major renovation and master planning effort to revitalize the park. Boorman Park serves multiple user groups: it currently includes a children’s play area, grassy lawns for informal sports and play, and basketball courts. The park accommodates senior and teen activities and provides space for passive recreation, socializing, and group gatherings.

The City of Richmond worked with First5, Rising Juntos, and Healthy & Active Before Five in a series of five public meetings to prepare a schematic design for the park that reflected the neighborhood’s wants and needs. The design was submitted for a grant, and in 2020, the City of Richmond was awarded the very competitive Proposition 68 grant funds for the Revitalization of Boorman Park.

The project will create a new recreation area with a trail, skate park, sports facilities, play areas, and community space. It emphasizes sustainability through green infrastructure, low-water landscaping, and recycled materials.

Funds support projected bid alternate costs, which include resilient surfacing, a concrete-paved pathway, a chain-link fence around the grass field, and mile marks on the pathway.

Booker T. Anderson Community Center (Phase III) – Project Summary

The project aims to significantly enhance the aesthetic appeal, exterior integrity, and resident experience of the Booker T. Anderson (BTA) complex. The next phase of BTA includes outer work focusing on critical exterior improvements, including roof and gutter replacement, complete exterior building repainting, and a transformative exterior courtyard renovation with new fencing.

Carlson Blvd. Crosstown Connection (Phase II) – Project Summary

This project intends to complete Carlson Blvd Crosstown Connection Improvements Project from Broadway to Tehama Ave by installing bicycle lanes, pedestrian ramp facilities, bus shelter connections for future make-ready installation, asphalt paving, sidewalk and root repairs, signing and striping, and streetlight study. Broadway to Tehama will feature a Class II bike lane, and Class IV bike lanes where feasible. This corridor will be upgraded to enhance safety and improve traffic flow along Carlson Boulevard. The new bikeway will connect existing bike lanes on Carlson Boulevard at San Pablo Avenue in El Cerrito north to Broadway, near Richmond Civic Center.

The original scope of work did not include the funds needed to address the paving needs for the corridor. The cost consists of the associated increase in design, construction management, and adherence to the 1.5 percent public art ordinance allocation requirement

Carlson Blvd. Crosstown Connection (Phase III) – Future Funding

This project is currently in the planning phase from Broadway through San Jose Ave (the City Limit). It will include traffic signal upgrades and safety enhancements.

Summary of the Staff Report

A summary of the potential FY 2023-24 unspent funds is as follows:

Table 5: Summary of Unspent Appropriations/Commitments

Item	Action	Amount
Immigration Services (City Council Action March 4, 2025)	Appropriate	1,000,000
Project Homekey Loan	Commitment	1,400,000
Capital Projects	Appropriate	4,571,504
Total		6,971,504

Next Steps

Staff recommend the City Council appropriate remaining unspent funds for immigration services, Capital Projects, and an additional loan amount for the Homekey project.

DOCUMENTS ATTACHED:

- Attachment 1 – Resolution 110-24
- Attachment 2 – Appropriations approved by the City Council
- Attachment 3 – Homekey resolution
- Attachment 4 – CIP project Budget shortfalls
- Attachment 5 – Unspent funds resolution