



# City of Rialto

## Legislation Details (With Text)

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**Type:** Resolution      **Status:** Agenda Ready  
**File created:** 2/5/2018      **In control:** City Council  
**On agenda:** 4/24/2018      **Final action:**  
**Title:** Request City Council to Approve Budget Resolution No. 7327, Rialto Successor Agency Resolution No. SA4-18, Rialto Utility Authority Resolution No. 01-18 and Rialto Housing Authority Resolution No. 003-18 to Amend Estimated Revenues and Appropriations for the Fiscal Year 2017/2018 Budgets of the City, Redevelopment Successor Agency, Rialto Utility Authority, and Rialto Housing Authority. (ACTION)POWERPOINT

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. Exhibit A-1 City Resolution approving Mid-Year Adjustments, 2. Exhibit A-2 RHA Reso approving Mid-Year Adjustments, 3. Exhibit A-3 RUA Resolution approving Mid-Year Adjustments, 4. Exhibit A-4 RSA Resolution Approving Mid-Year Adjustments, 5. Exhibit B General Fund Reserve Forecast, 6. Exhibit B-1 (Sch A - 2017 Carryovers), 7. Exhibit B-2 (Council Approved Rev & Exp Adj), 8. Exhibit B-3 (Sch C - PO Roll Roll Forwards), 9. Exhibit C Summary by Fund, 10. Exhibit D Mid-Year Budget Review Memorandum, 11. Powerpoint Mid-year Budget 2017-18

Date	Ver.	Action By	Action	Result
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For City Council Meeting [April 24, 2018]

TO: Honorable Mayor and City Council

APPROVAL: Robb Steel, Interim City Administrator

FROM: Ron Carr, Interim Finance Director

Request City Council to Approve Budget **Resolution No. 7327**, Rialto Successor Agency **Resolution No. SA4-18**, Rialto Utility Authority **Resolution No. 01-18** and Rialto Housing Authority **Resolution No. 003-18** to Amend Estimated Revenues and Appropriations for the Fiscal Year 2017/2018 Budgets of the City, Redevelopment Successor Agency, Rialto Utility Authority, and Rialto Housing Authority.

**(ACTION)POWERPOINT**

### **BACKGROUND:**

The current fiscal year began in July 2017 with an adopted budget. This budget represented the City of Rialto's best estimate of the City's financial performance in the coming year. In order to balance the current year's budget, the City Council froze 11 positions, reduced service/supply levels, eliminated General Fund capital outlay, and deferred 57% of the annual OPEB payment obligation. The adopted budget estimated General Fund revenues at just under \$90 million and expenditures of approximately \$81 million.

As fiscal circumstances change throughout the year, revenues and expenditures vary from the

estimates of the adopted budget. In order for the adopted budget to continue to be a useful management tool, the Finance Department captures changes to revenue and expenditures throughout the year and updates the budgetary numbers. The City Council previously approved a number of these changes in the form of supplemental appropriations and revenue adjustments. One of the primary purposes of this report is to present for the City Council's consideration, further adjustments of revenue and expenditures.

The City's mid-year budget review process involves both a review of current results and the identification and investigation of variances to the established budget along with ongoing consultations with departmental personnel to estimate the resources needed for the remainder of the fiscal year. After compiling mid-year budget estimates, a proposed mid-year budget is brought to the City Council's Budget Committee for review and then to the full City Council for adoption.

A comprehensive list of recommended adjustments to the City's budget is included as **Exhibit A**. The remainder of this report will focus on significant proposed amendments and underlying rationale. This report presents information on all of the City's funds, but because it provides the City Council the most opportunity to exercise its discretion, the primary emphasis will be on the General Fund.

## **ANALYSIS/DISCUSSION:**

### General Fund - Operating and Non-Operating

The City's General Fund budget can be divided into two main components. The first of these components is the operating portion of the budget. Operating revenues and expenditures represent the recurring portion of the budget - those items that can reasonably be expected to happen year after year. While exact amounts of operating revenue and expenditures can vary somewhat from year to year, they can be estimated with some degree of accuracy and provide a useful baseline when attempting to estimate future results.

The second component of the General Fund includes non-operating revenues and expenditures. These are sometimes referred to as "one-time" items and, because they do not recur with a high degree of certainty, are excluded when using current General Fund performance to estimate future results. Table 1 shows an overview of the total General Fund budget through the current fiscal year.

**Table 1**  
**Summary of All General Fund Activity (Operating and Non-Operating)**

	Adopted Budget FY 18	Adjusted Budget FY 18	Mid-Year Budget FY 18	Change Adopted - Mid-Year	
				\$	%
<b>Revenues</b>	<b>89,973,830</b>	<b>92,874,437</b>	<b>94,687,636</b>	<b>1,813,199</b>	<b>2%</b>
Taxes	55,278,200	55,278,200	56,155,200	877,000	2%
Other Operating Revenues	22,267,630	25,168,237	26,104,436	936,199	4%
Non-Operating Revenues	12,428,000	12,428,000	12,428,000	0	0%
<b>Expenditures</b>	<b>82,105,461</b>	<b>91,438,664</b>	<b>93,271,402</b>	<b>1,832,738</b>	<b>2%</b>
Salaries & Benefits	53,826,866	53,970,686	52,720,769	(1,249,917)	-2%
Services & Supplies	20,551,445	23,669,936	25,752,591	2,082,655	9%
Capital Outlay	3,000,000	5,502,612	5,502,612	-	0%
Debt Service	5,000	5,000	5,000	-	0%
Other	4,722,150	8,290,430	9,290,430	1,000,000	12%
<b>Operating Surplus/(Deficit)</b>	<b>7,868,369</b>	<b>1,435,773</b>	<b>1,416,234</b>	<b>(19,539)</b>	

As shown in Table 1, when considering both operating and non-operating revenues and expenditures, the mid-year budget shows a surplus of \$1,416,234. Eliminating the impact of non-operating revenues and expenditures, however, presents a more accurate depiction of the ongoing fiscal condition of the City. Table 2 presents these results.

**Table 2**  
**Summary of General Fund Operating Activity**

	Adopted Budget FY 18	Adjusted Budget FY 18	Mid-Year Budget FY 18	Change Adopted - Mid-Year	
				\$	%
<b>Revenues</b>	<b>77,545,830</b>	<b>80,446,437</b>	<b>82,259,636</b>	<b>1,813,199</b>	<b>2%</b>
Taxes	55,278,200	55,278,200	56,155,200	877,000	2%
Other Revenues	22,267,630	25,168,237	26,104,436	936,199	4%
<b>Expenditures</b>	<b>75,951,060</b>	<b>81,021,602</b>	<b>84,950,510</b>	<b>3,928,908</b>	<b>5%</b>
Salaries & Benefits	53,268,767	51,874,516	52,720,769	846,253	2%
Services & Supplies	21,823,932	23,669,936	25,752,591	2,082,655	9%
Capital Outlay	-	-	-	-	0%
Debt Service	216,886	5,000	5,000	-	0%
Other	641,475	5,472,150	6,472,150	1,000,000	18%
<b>Operating Surplus/(Deficit)</b>	<b>1,594,770</b>	<b>(575,165)</b>	<b>(2,690,874)</b>	<b>(2,115,709)</b>	

Without non-operating revenues and expenditures, the general fund deficit becomes \$2,690,874.

The following sections of this report discuss the primary components of the General Fund's operating revenues and expenditures.

### General Fund Operating Revenues

Table 3 summarizes the General Fund operating revenues. Overall, general fund operating revenues are expected to rise to more than \$82 million, which represents an increase of \$1.8 million over the Adjusted Budget and \$4.7 million over the Adopted Budget. Also significant is the fact that revenue will be more than 6% higher than what was expected when the original budget was adopted, and approximately \$9 million more than the actual operating revenue realized in FY16/17. The City continues to recognize historic levels of revenue growth due to economic growth.

**Table 3**  
**Summary of General Fund Operating Revenues**

	Adopted Budget FY 18	Adjusted Budget FY 18	Mid-Year Budget FY 18	Change Adopted - Mid-Year	
				\$	%
<b>Taxes</b>	<b>55,278,200</b>	<b>55,278,200</b>	<b>56,155,200</b>	<b>877,000</b>	<b>2%</b>
Sales Taxes	14,894,000	14,894,000	16,231,000	1,337,000	9%
Utility Taxes	14,195,500	14,195,500	13,890,500	(305,000)	-2%
In Lieu Property Tax (VLF)	11,300,000	11,300,000	11,300,000	0	0%
Property Taxes	10,098,000	10,098,000	10,098,000	0	0%
Other Taxes	4,790,700	4,790,700	4,635,700	(155,000)	-3%
<b>Other Revenues</b>	<b>22,267,630</b>	<b>25,168,237</b>	<b>26,104,436</b>	<b>936,199</b>	<b>4%</b>
Revenue/Other Agencies	3,448,420	6,157,399	6,303,324	145,925	2%
RUA Lease Payments	3,140,530	3,140,530	3,140,530	0	0%
Services Charges	7,022,200	7,006,200	7,145,150	138,950	2%
Licenses/Permits	4,271,250	4,271,250	4,818,793	547,543	13%
Operating Transfers In	2,384,130	2,584,275	2,590,286	6,011	0%
Use of Money	894,800	894,800	894,800	0	0%
Misc Revenue	555,700	563,183	665,953	102,770	18%
<b>Fines</b> /Penalties/Other	550,600	550,600	545,600	(5,000)	-1%
<b>Total Revenues</b>	<b>77,545,830</b>	<b>80,446,437</b>	<b>82,259,636</b>	<b>1,813,199</b>	<b>2%</b>

General Fund Operating Revenue highlights include the following.

- **Taxes.** Sales taxes increased by \$1,337,000. This increase is offset by the impact of a sales tax sharing agreement totaling \$650,000. An increase in Gas/Electric UUT of \$600,000 was more than offset by decreases in Water UUT and Telephone UUT of \$700,000 and \$150,000 respectively. Franchise revenue dropped by \$250,000 because of a change in billing methodology by Burrtec, allowing service charges to be paid through the property tax system.
- **Other Revenue.** Other Revenue increased by \$936,199 or 4%. The primary driver of this increase was expanded development activity, which resulted in revenues connected to this activity to rise by \$503,000. Building Permits (up by \$170,000), Electrical Permits (\$210,000),

and Mechanical Permits (100,000) all increased substantially.

The complete list of mid-year revenue adjustments is attached to the Resolutions approving the Mid-Year Budget (**Exhibits A-1 thru A-4**).

#### General Fund Operating Expenditures

Table 4 summarizes mid-year General Fund expenditures. Expenditures increased \$3,928,908 from the Adjusted Budget. This dollar figure represents a 4.8% increase.

**Table 4**  
**Summary of General Fund Operating Expenditures Trends**

	Adopted Budget FY 18	Adjusted Budget FY 18	Mid-Year Budget FY 18	Change Adopted - Mid-Year	
				\$	%
<b>Total Expenses</b>	<b>75,951,060</b>	<b>81,021,602</b>	<b>84,950,510</b>	<b>3,928,908</b>	<b>5%</b>
Salaries & Benefits	53,268,767	51,874,516	52,720,769	846,253	2%
Services & Supplies	21,823,932	23,669,936	25,752,591	2,082,655	9%
Capital Outlay	0	0	0	0	0%
Debt Service	216,886	5,000	5,000	0	0%
Other	641,475	5,472,150	6,472,150	1,000,000	18%
<b>% of Operating Budget</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>		
Salaries & Benefits	70%	64%	62%		-2%
Services & Supplies	29%	29%	30%		1%
Capital Outlay	0%	0%	0%		0%
Debt Service	0%	0%	0%		0%
Other	1%	7%	8%		1%

An analysis of major expenditures shown in Table 4 is presented in the following sections.

#### Salaries and Benefits

Overall salaries and benefits increase by \$846,253 as described below.

**Table 5**

DEPARTMENT	BASE OVERTIME BUDGET	OVERTIME INCREASE AT MID- YEAR	FLORES COMPONENT OF OVERTIME	TOTAL OVERTIME	SALARY AND BENEFIT SAVINGS
<b>FIRE</b>	2,807,450	483,700	291,400	3,582,550	677,979
<b>POLICE</b>	1,610,630	130,000	144,500	1,885,130	507,617
<b>PUBLIC WORKS</b>	370,600	39,100	53,800	463,500	78,881

**Salaries and Overtime** increased by \$632,443: \$59,470 of this increase was caused by personnel being transferred into the General Fund with the remainder being attributable to

overtime. Overtime increases were driven by the need to backfill vacant positions as well as the impact of the Flores decision. Overtime is charged primarily by three departments as shown in Table 5 below. Salary savings across all departments at mid-year is \$1,492,532.

- **PERS** costs decreased \$98,260 due to vacant positions.
- **Other Benefits** increased by \$312,320 due to termination payouts and cash-out payments on leave accruals.

#### Services and Supplies

- **Legal Costs** increased by \$1,530,000. Of this amount, \$1,211,000 was for legal costs related to the Police Department.
- **Contract Services** increased because of a \$650,000 sales tax sharing agreement along with increases related to growing development activity.

#### Other Expenditures

- **Other Expenditures** increased due to an adjustment to budgeted Workers' Compensation. At the time of budget adoption, the budget for workers' compensation was reduced by \$1,000,000 to a level below the historical average. The adjustment at mid-year restores the budget to the necessary amount.

#### Expenditures by Department

**Table 6** below compares Departmental expenditures between the Adjusted Budget and the Mid-Year Adjusted Budget. The noteworthy changes include:

- **Non-Departmental** expenditures increased by \$1,375,390 (15%) due to the large separation payments for long-term workers and the Worker's Compensation Fund Transfer as described above.
- The **Police Department** costs increased by \$1,163,470 (4%) due primarily to legal costs and overtime.
- The **Development Services Department** expenditures increased by \$719,678 (17%) due to an increase in contract service costs, offset by building permit and plan check revenue from increased development activity.
- The **Fire Department** expenditures increased by \$650,920 (3%) due to increased overtime. This increase is partially offset by salary savings due to vacant positions.

**Table 6**  
**Summary of Recurring General Fund Expenditures by Department**

	Adopted Budget FY 18	Adjusted Budget FY 18	Mid-Year Budget FY 18	Change Adopted - Mid-Year	
				\$	%
<b>Department</b>	<b>75,951,060</b>	<b>81,021,602</b>	<b>84,950,510</b>	<b>3,928,908</b>	<b>5%</b>
Administrative Services	1,793,729	1,801,813	1,898,183	96,370	5%
City Administrator	731,581	807,581	824,901	17,320	2%
City Clerk	657,134	656,556	672,906	16,350	2%
City Council	424,202	424,201	420,341	(3,860)	-1%
City Treasurer	460,561	460,561	458,491	(2,070)	0%
Community Services - Subsidy Amount	2,674,944	2,673,109	2,673,109	0	0%
Development Services	3,990,029	4,315,615	5,035,293	719,678	17%
Fire	19,262,101	20,814,577	21,465,497	650,920	3%
Human Resources	875,688	875,687	867,497	(8,190)	-1%
Management Services	747,980	755,269	743,269	(12,000)	-2%
Non-Departmental	6,162,964	8,995,296	10,370,686	1,375,390	15%
Police	29,950,945	29,919,961	31,083,431	1,163,470	4%
Public Works	8,219,202	8,521,376	8,436,906	(84,470)	-1%

#### General Fund Reserve Analysis/Mid-Year Budget Adjustments

The General Fund Reserve Analysis (**Table 7** below) shows how the reserves changed from the Adopted Budget to the Adjusted Budget based upon subsequent City Council actions.

The Beginning Balance for the Adjusted Budget reflects the Fiscal Year 2016-17 audited ending balance. The major changes to the Reserve Balance from the Adopted Budget to the Mid-Year Adjusted Budget are:

- The Mid-Year Adjusted Budget adds the revenue and expenditure carry forwards approved by the City Council on December 15, 2017 in the amount of \$2,803,123 and (\$3,997,960) respectively. These largely represent capital projects in progress (the full list of carry forwards is included as an attachment to this report). The bulk of the revenue derives from the IGT Subvention (\$2,510,732) and the bulk of the expenditures (\$1,965,182) relate to the IGT Program and the purchase of Flood Control property for the Renaissance East project (\$1,671,000). The City expects to recover the Flood Control property purchase cost from future land sales revenue.



**Table 7**  
**General Fund Reserve Forecast**

	<b>Adopted Budget</b>	<b>Adjusted MY Budget</b>
<b>Beginning Balance at July 1 FYE 2017</b>	70,519,152	69,329,373
<b>Activity for FY18</b>		
FY2017-18 Adopted Operating Revenues	77,545,830	77,545,830
FY2017-18 Adopted Non-Operating Revenues	12,428,000	12,428,000
FY2017-18 Adopted Operating Expenditures	(75,951,060)	(75,951,060)
FY2017-18 Adopted Non-Operating Expenditures	(6,154,400)	(6,154,400)
FY2016-17 PO Rolls to FY2017-18	0	(1,134,751)
Flores Accrual	0	795,299
Sch. A FY2016-17 Revenue Carry-Forward to FY2017-18	0	2,803,123
Sch. A FY2016-17 Expenditure Carry-Forward to FY2017-18	0	(3,997,960)
Sch. B FY2017-18 Council Revenue Adjustments - One-Time Items	0	97,483
Sch. B FY2017-18 Council Expenditure Adjustments - One-Time Items	0	(4,210,993)
Ex A FY2017-18 Mid-Year Revenue Adjustments	0	1,813,199
Ex B FY2017-18 Mid-Year Expense Adjustments	0	(1,832,838)
<b>Projected Surplus/(Deficit) at June 30, 2018</b>	<b>7,868,370</b>	<b>2,200,932</b>
<b>Reserve Balance Before Reservations</b>	<b>78,387,522</b>	<b>71,530,305</b>
<b>Reserve Requirement</b>	<b>(37,975,530)</b>	<b>(38,891,949)</b>
<b>Net Reserve after Policy Requirement Application</b>	<b>40,411,992</b>	<b>32,638,356</b>

- The Adjusted Mid-Year Budget adds the revenue and expenditure adjustments approved by the City Council during the first half for \$97,483 (revenues) and (\$4,210,993) (expenses). The largest expenditures approved by the City Council include the Community Choice Aggregation Feasibility Analysis (\$325,000), a contribution to the Annual Street Overlay Project (\$1,000,000), design work for the Baca/Turch Park (\$1,707,625), and the Holman Capital Solar Project Financing (\$750,000).
- The Adjusted Mid-Year Budget adds Purchase Order encumbrances rolled forward from FY17 for (\$1,134,751). These represent obligations for services or capital outlay approved by the City Council in prior budget years. The roll forwards include Wallace & Associates (\$130,342) for on-call engineering services, KTGy for Pepper Avenue Specific Plan services (\$69,548), and Willdan (approximately \$185,000) for on-call engineering services.
- The Mid-Year Adjusted Budget Beginning Balance includes the Flores Decision accrual (\$2,891,469) and it also reports the actual expenditure of \$2,096,170, consequently the positive adjustment of \$795,299 shown avoids a double counting of the expenditure.
- The Adjusted Mid-Year Budget adds the revenue and expenditure adjustments submitted with the Mid-Year for revenues of \$1,813,199 and expenditures of (\$1,832,738). The drivers of



these increases were discussed earlier in the report.

Table 8

## General Fund Reserve Assignments

	Adopted Budget	Adjusted MY Budget	Notes
<b>Net Reserve after Policy Requirement Application</b>	<b>40,411,992</b>	<b>32,638,356</b>	
<b>Reservations against Net Reserve</b>			
Advances to Other Funds	(1,200,000)	(1,300,000)	no record of repayment from other funds
Inventory	0	(50,290)	
Operational Reserve	(5,000,000)	0	Council directed release of Op Reserve
Reserved-Capital Project-Streets	(2,107,516)	(1,107,516)	Funds expended in FY18
Reserved-Capital Project-Parks	(1,733,246)	(310,663)	Funds expended in FY18
Reserved-Capital Project-FS 205	(5,000,000)	(5,000,000)	
Reserved-Capital Project-Airport Cont. Liability	(3,554,203)	(3,994,000)	current balance at March 31, 2018
Reserved-Capital Project-J. Sampson Park	(5,600,000)	0	supplanted with Park DIF
Reserved-Capital Project-Frisbie Park	(7,875,000)	(2,564,345)	Park DIF of \$5.2M -- balance from reserves
Reserved-Capital Project-Baca/Turch Park	(7,007,625)	(16,049,614)	amount that should be in Baca/Turch
<b>Reservations on Reserve Requirement Balance</b>	<b>(39,077,590)</b>	<b>(30,376,428)</b>	
<b>Net Unencumbered Reserve at June 30, 2018</b>	<b>1,334,402</b>	<b>2,261,928</b>	

The Net Reserve Requirement (based upon 50% of operating expenditures) increases to \$38,891,949. The City maintains reserves in excess of the policy requirement; however, the Net Reserve after Policy Requirement Application drops from \$40,411,992 to \$32,638,356, a change of (\$7,773,636) because the audit reduced the beginning balance by \$1,189,779, added expenditures exceeded added revenues by \$5,667,438, and the Reserve Requirement increased by \$916,419 due to an adjustment in the operating expenditures.

- **Table 8** shows where the Net Reserve after Policy Requirement Application of \$32,638,356 is committed to various capital projects listed. The analysis shows that there are unencumbered reserves of \$2,261,928; however, this required the un-designation of the \$5,000,000 operational reserve as directed by the City Council and the substitution of the Park and Open Space Fees for the previously allocated reserves for Joe Sampson Park \$5,600,000.
- Frisbie Park has a reserve allocation of \$2,564,345 in addition to Park and Open Space Fee funding and anticipated \$1,480,945 from a closing transfer deposit from the sale of Building 6, combined to total \$7,875,000. Frisbie Park will probably require supplemental funding to cover its construction costs expected to reach \$19 million. The City Council may need to “borrow” allocations reserved for the Baca/Turch Park with funding replenished from future Park Fee and land sale proceeds. There are other potential reserve requirements pending (Renaissance East Project) and the Casmalia property acquisition that may require reserve allocations. In reality, the City does not forecast any unencumbered reserves at June 30, 2018.

## General Fund Summary

Operating revenues increase by \$1,813,199 while operating expenditures increase by (\$1,832,738), a net change of (\$19,539). The Adjusted Budget forecasted a \$575,165 deficit and the MYA Budget now projects a \$2,690,874 deficit largely due to the additional cost of overtime increases caused by the Flores Settlement and position vacancies, legal expenditures, one-time worker’s compensation settlement costs, and other cost increases. **Exhibit A** provides the detailed revenue and expenditure budget adjustments and is attached to the Resolutions approving the Mid-Year Budget.

The Adopted FY18 Budget froze 11 positions for a projected savings of \$1,383,262. These positions remain frozen for FY18. In addition, three positions (Development Services Specialist, Code Enforcement Officer, and Accounting Supervisor) vacated and will not be refilled during FY18 for savings. The City Administrator and City Council will now authorize release of any new recruitments or promotional opportunities to control personnel expenditures.

### **Summary of All Funds**

The attached Summary of All Funds Schedule (**Exhibit C**) illustrates the revised revenues, expenditures, and fund balance for the General Fund, Special Revenue Funds, Enterprise Funds, Internal Services Funds, Rialto Utility Authority Funds, Successor Agency Funds, Capital Project Funds, and Debt Service Funds. The noteworthy changes at mid-year in the Other Funds are:

- **Worker's Compensation Internal Service Fund.** The revenue recognition of the \$1,000,000 allocation from the General Fund.
- **Building Maintenance Internal Service Fund.** The addition of \$211,886 in revenue related to the Energy Efficiency Project.
- **Capital Project Funds/2005 TAB's.** The recognition of \$1,514,937 of revenue as a reimbursement from SBCTA for the Riverside/I-10 project.

### **CONCLUSION**

The City of Rialto has taken a number of positive steps to enhance its budgetary position. These steps include freezing positions and reducing service/supply budgets. The City has also created a Budget Advisory Committee, commissioned the development of a long-range forecasting model, and is exploring options for addressing a substantial unfunded pension obligation. Despite these measures, the City faces a continuing structural General Fund deficit as the rate of expenditure growth is expected to exceed that of revenues. This mid-year budget report shows a budgetary surplus of just over \$1.4 million. When the fiscal impact of one-time items is removed, however, this number becomes a budgetary deficit of approximately \$2.7 million.

### **ENVIRONMENTAL IMPACT:**

The request is not a Project as defined by Section 15378 of the California Environmental Quality Act (CEQA). A "Project" means the whole of an action, which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment. Pursuant to Section 15378 (b)(5), a project does not include organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment.

### **GENERAL PLAN CONSISTENCY:**

Our City government will lead by example, and will operate in an open, transparent, and responsive manner that meets the needs of the citizens and is a good place to do business.

Goal 3-6: Require that all developed areas within Rialto are adequately served with essential public services and infrastructure.

Policy 3-6.1: Coordinate all development proposals with other affected public entities to ensure the

provision of adequate public facilities and infrastructure services.

Policy 3-6.3: Require an increasing level of public safety infrastructure and service capability tied to population increase and increasing service demand.

Policy 5-3.7: Add service level capability and infrastructure to meet increasing demand of new development.

**LEGAL REVIEW:**

The City/Authority/Agency Attorney has reviewed and approved the staff report and resolutions.

**FINANCIAL IMPACT:**

Staff has reviewed and analyzed the Funds, and recommend adjustments to estimated revenues and expenditure appropriations based on current trends and additional information from the State, County and other available resources. The attached Exhibits provide account numbers, recommended adjustments and descriptions of the adjustments.

**RECOMMENDATION:**

Staff recommends that the City Council, Rialto Housing Authority Board, Rialto Utility Authority Board and Council of the City of Rialto, Acting as Successor Agency to the Redevelopment Agency, adopt the Resolutions amending the City, Rialto Housing Authority (RHA), Rialto Utility Authority (RUA), and Redevelopment Successor Agency (RSA) budgets as detailed in the exhibits.

**Attachments Summary and Descriptions:**

- 1. City Resolution (Exhibit A-1).** This Resolution and Exhibit detail the recommendations for Council action to adjust estimated revenues and expenditure appropriations for various City funds.
- 2. RHA Resolution (Exhibit A-2).** This Resolution and Exhibit detail the recommendations for Council action to adjust estimated revenues and expenditure appropriations for the Rialto Housing Authority funds.
- 3. RUA Resolution (Exhibit A-3).** This Resolution and Exhibit detail the recommendations for Council action to adjust estimated revenues and expenditure appropriations for the Rialto Utility Authority funds.
- 4. Redevelopment Successor Agency Resolution (Exhibit A-4).** This Resolution and Exhibit detail the recommendations for Agency Board action to adjust estimated revenues and expenditure appropriations for the Redevelopment Successor Agency to the Redevelopment Agency of the City of Rialto (RSA) funds.
- 5. Exhibit B - General Fund Reserve Forecast:**
  - a. Schedule A - FY 17 General Fund Carryovers (Exhibit B-1)
  - b. Schedule B - FY 18 Council Approved Revenues & Expenditure Adjustments (Exhibit B-2)
  - c. Schedule C - FY 17 Purchase Order Roll Forwards (Exhibit B-3)
- 6. Exhibit C -- Summary by Fund.** This schedule shows available beginning resources, the impact of the current budget and the recommended budget adjustments, and the resulting ending available resources. The beginning available resources column is based on an analysis of available working capital, undesignated and unreserved fund balances, and available cash balances as of June 30, 2018. This schedule provides a conservative outlook

of the status of each fund and assumes all budgeted revenues and expenditures occur as projected.

- 7. Exhibit D -- Mid-Year Budget Review Memorandum.** The memo presented to the Council Budget Committee on April 12, 2018 (without exhibits). Large portions of this memo were reproduced and included in this mid-year staff report. Exhibits to the memo are also included in this staff report rather than as attachments to the memo.