



City of Rialto

Legislation Text

File #: 20-0591, Version: 1

For City Council Meeting [August 11, 2020]

TO: Honorable City Council

APPROVAL: Rod Foster, City Manager

FROM: Stephen Erlandson, Deputy City Manager

Request City Council to:

1. Conduct a Public Hearing on the City's 2020-21 Proposed Budget.
2. Adopt a Resolution to approve and adopt including:
 - a. **Resolution No. 7663, RHA Resolution No. 002-20, and RUA Resolution No. 09-20** for the City's 2020-21 Proposed Budget;
 - b. **Resolution No. 7664** Establishing the City's 2020-21 Appropriations Limit (Gann Limit);
3. Adopt **Resolution No. 7665** Updating the Citywide Classification and Compensation Table;
4. Approve a Professional Services Agreement with Bureau Veritas on an as needed basis in the amount of \$150,000.00; or
5. If the Council Continues the FY 2020-21 Proposed Budget, Adopt **Resolution No. 7666, RHA Resolution No. 003-20, and RUA Resolution No. 10-20** to Continue the Budget and Contracts from Fiscal Year 2019-2020 through September 30, 2020.
(ACTION)

BACKGROUND:

In accordance with Section 2.04.140 of the Rialto Municipal Code, the City Manager must present the fiscal budget to the City Council for approval annually. Under the direction of the Deputy City Manager, staff conducted the analysis and made the projections required to complete the budget document after receiving input from all of the City departments. Due to the COVID-19 pandemic, the completion of the budget process was delayed, and on June 23, 2020, the City Council adopted **Resolution No. 7635, RHA Resolution No. 001-20 and RUA Resolution No. 07-20** continuing the Budget and Contracts from Fiscal Year 2019-20 through August 31, 2020.

ANALYSIS/DISCUSSION:

The 2020-21 Proposed Budget includes appropriations of \$225.5 million which represents a decrease of \$1.0 million (net of prior year budget carryovers on capital projects). The Proposed Budget, as presented, is "balanced in, balanced better" reflecting a surplus of approximately \$3.8 million. The surplus is intended to absorb any unforeseen financial impacts resulting from the continuing COVID-19 pandemic.

Total requirements of \$225.5 million for the 2020-21 Proposed Budget, shows a net decrease of \$80.2 million as compared to the 2019-20 Revised Budget. This is primarily due to the treatment of prior year budget carryovers on capital projects. In the prior fiscal year, carryovers of approximately

\$95.0 million were included as part of the projected budget. However, in fiscal year 2020-21 they are reported separately, so current year revenues are matched against current year appropriations.

	REVISED BUDGET 2019/2020	PROJECTED BUDGET 2020/2021	Change From Prior Year
<u>Total City Expenses By Fund</u>			
General Fund (Incl. Working Capital)	105,344,737	101,211,903	(4,132,835)
Special Revenue Funds	103,268,998	34,722,238	(68,546,760)
Capital Project Funds	15,750,635	14,079,156	(1,671,479)
Successor Agency Funds	13,150,862	11,250,022	(1,900,841)
Enterprise Funds	1,531,107	2,495,439	964,333
Internal Service Funds	12,061,288	14,517,608	2,456,321
Rialto Utility Authority	52,274,205	46,356,622	(5,917,583)
Rialto Housing Authority	156,730	136,559	(20,172)
Debt Service Funds	2,182,947	741,533	(1,441,414)
Total	305,721,508	225,511,079	(80,210,429)

The 2020-21 Projected Budget either maintains or enhances all current programs and service levels and provides for a significant annual investment in the maintenance of the City's streets and sidewalks.

General Fund

The General Fund is the general operating fund of the City and the 2020-21 Proposed General Fund budget of \$100.3 million funds 395 full-time equivalent positions in 11 departments.

	REVISED BUDGET 2019/2020	PROJECTED BUDGET 2020/2021	Change From Prior Year
Operating Budget			
City Manager	795,916	1,231,322	435,406
- Community Compliance	1,028,178	1,148,658	120,480
City Council	673,623	608,916	(64,707)
City Clerk	640,435	739,926	99,491
Management Services	967,749	981,435	13,686
City Treasurer	562,903	630,182	67,280
Human Resources/Risk Management	992,360	1,279,329	286,969
Finance	1,846,369	2,159,301	312,932
- Purchasing	292,627	327,975	35,347
Community Development	4,356,255	4,264,406	(91,849)
- Business Licensing	244,211	258,423	14,213
Fire	24,023,466	24,147,565	124,099
Police	37,055,241	40,687,582	3,632,341
Public Works-General	11,252,574	11,306,273	53,699
Community Services	4,145,359	4,342,584	197,225
Non Department			
Comm Svc Transfer	3,165,469	-	(3,165,469)
Cemetery Transfer	25,880	420,500	394,620
LMD & SLD Transfer	819,550	164,020	(655,530)
Vehicle Replacement	1,967,649	800,000	(1,167,649)
Other Non Departmental	7,031,190	4,846,734	(2,184,456)
Total Operating Expenditures	101,887,005	100,345,133	(1,541,872)
 Non Operating Expenditures	 3,457,733	 866,770	 (2,590,963)
Total General Fund Expenditures	105,344,738	101,211,903	(4,132,835)

The Proposed Budget for 2020-21 reflects a decrease of \$1.5 million as compared to the 2019-20 Revised Budget. General Fund expenditures include operations traditionally associated with activities that are not required to be accounted for or paid by another fund.

The 2020-21 Proposed General Fund Budget includes \$105.0 million in revenue which reflects a \$0.3 million decrease from the 2019-20 Revised Budget. All general tax receipts and fee revenue not allocated by law, Council policy, or contractual agreement to other funds, are accounted for in the General Fund.

REVENUE CATEGORY	Revised Budget 2019/2020	Projected Budget 2020/2021	Change From Prior Year
<u>Operating Revenues</u>			
Taxes			
Property Taxes	11,850,000	13,194,155	1,344,155
In Lieu Property Tax (VLF)	13,830,000	14,695,250	865,250
Sales Tax	19,890,050	18,765,350	(1,124,700)
Utility Users Tax	13,058,239	13,081,510	23,271
Other Taxes	5,643,000	5,595,540	(47,460)
Total Taxes	64,271,289	65,331,805	1,060,516
Licenses & Permits	5,398,380	6,242,950	844,570
Fines, Forfeitures & Penalties	626,800	733,200	106,400
Use of Money & Property	1,388,940	1,280,277	(108,663)
Revenue from Other Agencies	6,101,997	5,808,230	(293,767)
Charges for Current Services	9,674,660	8,147,077	(1,527,583)
Restricted Revenues	-	20,000	20,000
RUA - lease & contract payments	3,140,530	3,140,532	2
Transfers In	5,120,694	3,946,501	(1,174,193)
Other Revenues	826,690	737,000	(89,690)
Development Agreements	8,763,000	5,100,000	(3,663,000)
Sub Total Operating Revenues	105,312,980	100,487,572	(4,825,408)
<u>Non Operating Revenues</u>			
Transfers-PERS Property Tax	200	200	-
Other Asset Sales	-	4,529,000	4,529,000
Sub Total Non-Operating Revenues	200	4,529,200	4,529,000
Total General Fund Revenues	105,313,180	105,016,772	(296,408)

Special Revenue Funds

The City's various Special Revenue Funds include grant program funds and other funds that by law are required to be segregated from other funds. The 2020-21 Proposed Special Revenue Fund Budget includes budgets for 31 different funds in the aggregate amount of \$34.7 million which reflects a decrease of \$68.5 million as compared to the 2019-20 Revised Budget. This net decrease is primarily due to a decrease in several fund project expenditures, including Measure I, Gas Tax, Drainage Development, Major Grant, Waste Management, Fire Development and Park Development which are offset by an increase in project expenditures in the Traffic Development and Community Services Grant funds.

Enterprise Funds

The City has four Enterprise funds including Cemetery, Cemetery-Endowment, Airport, and Utility

Billing funds. The total enterprise fund 2020-21 Proposed Budgets of \$2.5 million reflect an increase of \$1.0 million. This increase is primarily due to an increase in Utility Services as a result of anticipated development agreement reimbursement payments.

Internal Service Funds

The City has five internal service funds including Fleet Maintenance, Workers' Compensation, General Liability, Information Technology, and Building Maintenance. The purpose of internal service funds is to centralize certain services that benefit all functions of the City. The expenditures of the internal service funds are allocated to all of the City's departments commensurate to the services provided. The total internal service fund 2020-21 Proposed Budgets of \$14.5 million reflect an increase of \$2.5 million primarily due to increases in Information Technology to rebuild the City's Information Technology infrastructure and Building Maintenance.

Rialto Utility Authority

The Rialto Utility Authority (RUA) accounts for Water and Wastewater Services provided by Rialto Water Services. The 2020-21 Proposed RUA Budget is \$46.4 million.

The Rialto Housing Authority

The Rialto Housing Authority (RHA) assumed the housing functions of the former Redevelopment Agency. The 2020-21 Proposed RHA Budget of \$137,000 reflects a decrease of \$23,000.

Capital Projects Funds

The Capital Projects Funds exist to enhance transparency by reporting one-time capital expenditures in a separate fund. The 2020-21 Proposed Capital Project Budget of \$14.0 million in new funding, in addition to \$24 million in previous appropriations provides for a significant investment in the City's street and sidewalk system as well as other capital items.

Personnel

The 2020-21 Projected Budget (All Funds) includes total personnel expense of \$76 million and funds a total of 396 full-time equivalent positions, which is an increase of 19 positions as compared to the 2019-20 Revised Budget. This increase in the General Fund is primarily due to an increase of 11 positions in the Police Department to meet the public safety needs of the City; 1 position in the Fire Department (Battalion Chief); 3 positions in the Community Development Department; and 4 positions in the Public Works Department.

Budgeted Staffing Summary			
	2019-20 Revised	2020-21 Proposed	Change
General Fund	352.95	371.75	18.80
Intenal Service Funds	16.00	16.00	0.00
Enterprise Funds	2.85	2.85	0.00
Other Funds	5.20	5.40	0.20
Total Postions	377.00	396.00	19.00

The increase in the requested positions also results in offsetting contract costs and revenues that have been included in the 2020-21 Projected Budget of approximately \$2.2 million.

Offsetting Costs and Revenue		
Contract Savings	\$	1,160,160
Salary Savings		
Reduction in Overtime		150,908
Position Offsets		835,156
Revenue		45,000
Total Offsetting Costs & Revenues	\$	2,191,224

In addition, a recent vacancy in the Building Division necessitates the need to contract for a Certified Building Official. The Community Development Department requested proposals from four (4) qualified firms. Four proposals were received, and it was determined that the firm Bureau Veritas best fits the needs of the City. Bureau Veritas can provide Certified Building Official staff that are also licensed engineers. The Bureau Veritas staff interviewed also had demonstrated local experience in the Inland Empire. The Certified Building Official will assist with guiding staff to more efficient methods of operation, assist with improving the processes and procedures, attend meetings, conduct inspections, and perform plan check.

The proposed agreement is for a one-year term. City staff and Bureau Veritas will ensure that the individual filling the position of contract Chief Building Official is rotated no later than six-months into the agreement.

ENVIRONMENTAL IMPACT:

The action is exempt from California Environmental Quality Act (CEQA) pursuant to Section 15378(b) (5) of the CEQA Guidelines because the preparation of a budget plan is a governmental administrative activity 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.

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

Policy 3-6.4: Complete infrastructure master plans for sewer, water, and drainage.

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

LEGAL REVIEW:

The City Attorney has reviewed and approved this staff report.

FINANCIAL IMPACT:

Operating Budget Impact

The 2020-21 Budget, as presented in the Proposed Budget Book, includes appropriations for the City's General Fund, special revenue funds, capital project funds, internal service funds, and enterprise funds, which total approximately \$225.5 million and fund 395 full-time budgeted staff.

Furthermore, funding in the amount of \$150,000 is available in the Community Development Contract Services Account No. 010-500-4261-2011 for a Professional Service Agreement with Bureau Veritas.

Capital Improvement Budget Impact

Appropriations for 2020-21 for the City's capital improvement budget total approximately \$14.0 million in new funding and includes various funding for capital items.

RECOMMENDATION:

1. Conduct a public hearing on the City's 2020-21 Proposed Budget.
2. Adopt a Resolution to approve and adopt including:
 - a. **Resolution No. 7663, Rialto Housing Authority Resolution No. 002-20, and Rialto Utilities Authority Resolution No. 09-20** for the City's 2019-20 Proposed Budget and authorization for adjustments for final fund balance;
 - b. **Resolution No. 7664** establishing the City's 2019-20 appropriations limit;
3. Adopt **Resolution No. 7665** updating the Citywide Classification and Compensation Table;
4. Approve a Professional Services Agreement with Bureau Veritas on an as needed basis in the amount of \$150,000.00; or
5. If the Council tables the FY 2020-21 Proposed Budget, adopt **Resolution No. 7666, RHA Resolution No. 003-20, and RUA Resolution No. 10-20** to continue the budget and contracts from Fiscal Year 2019-2020 through September 30, 2020.