

# *CITY OF RICHMOND*

**Proposed**

**Fiscal Year 2012-13**

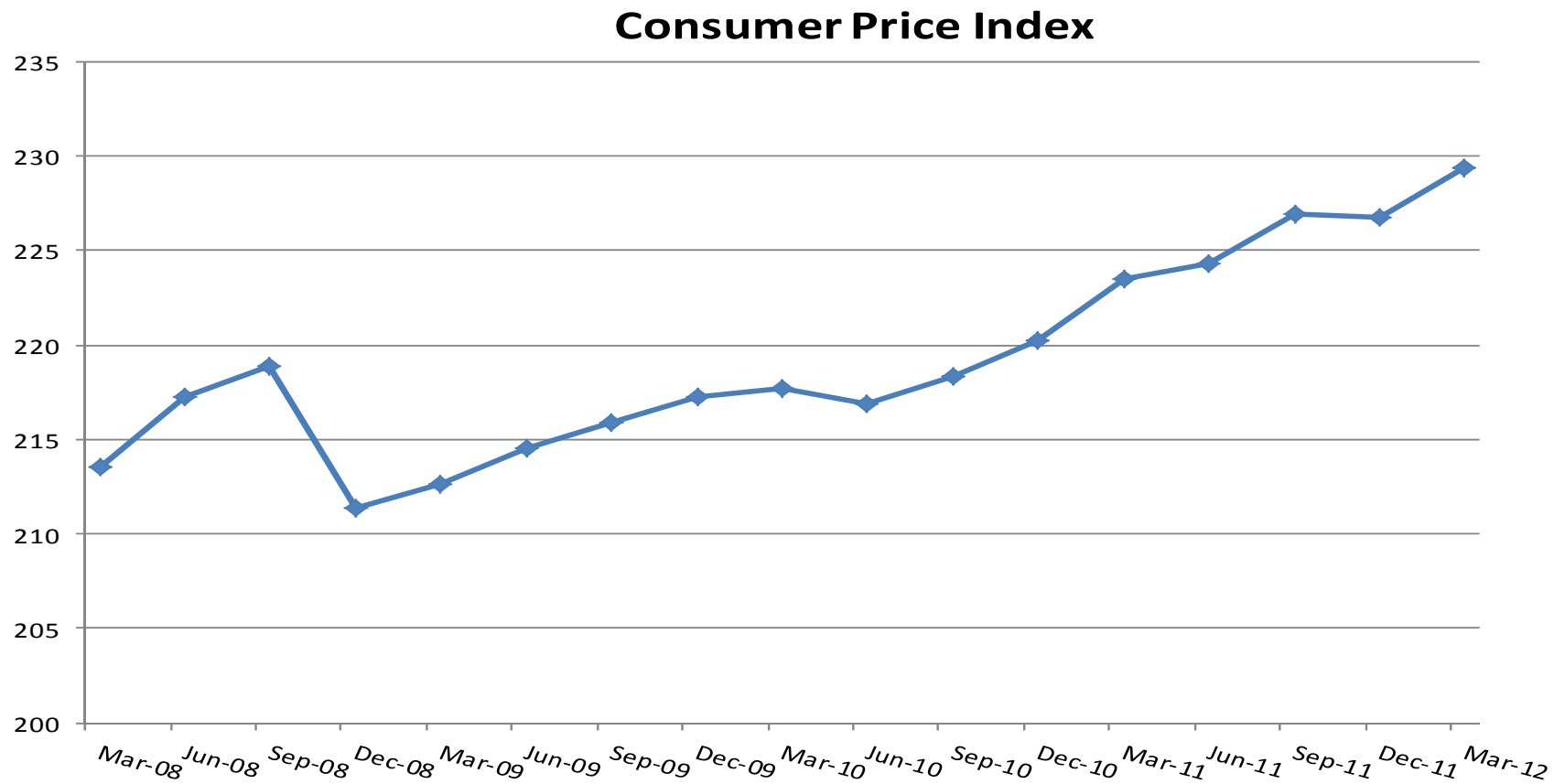
**Budget Presentation**

**June 12, 2012**



# *National Economy*

- Consumer Price Index measures inflation as experienced by consumers in their day-to-day lives. 15-point increase in past 36 months.

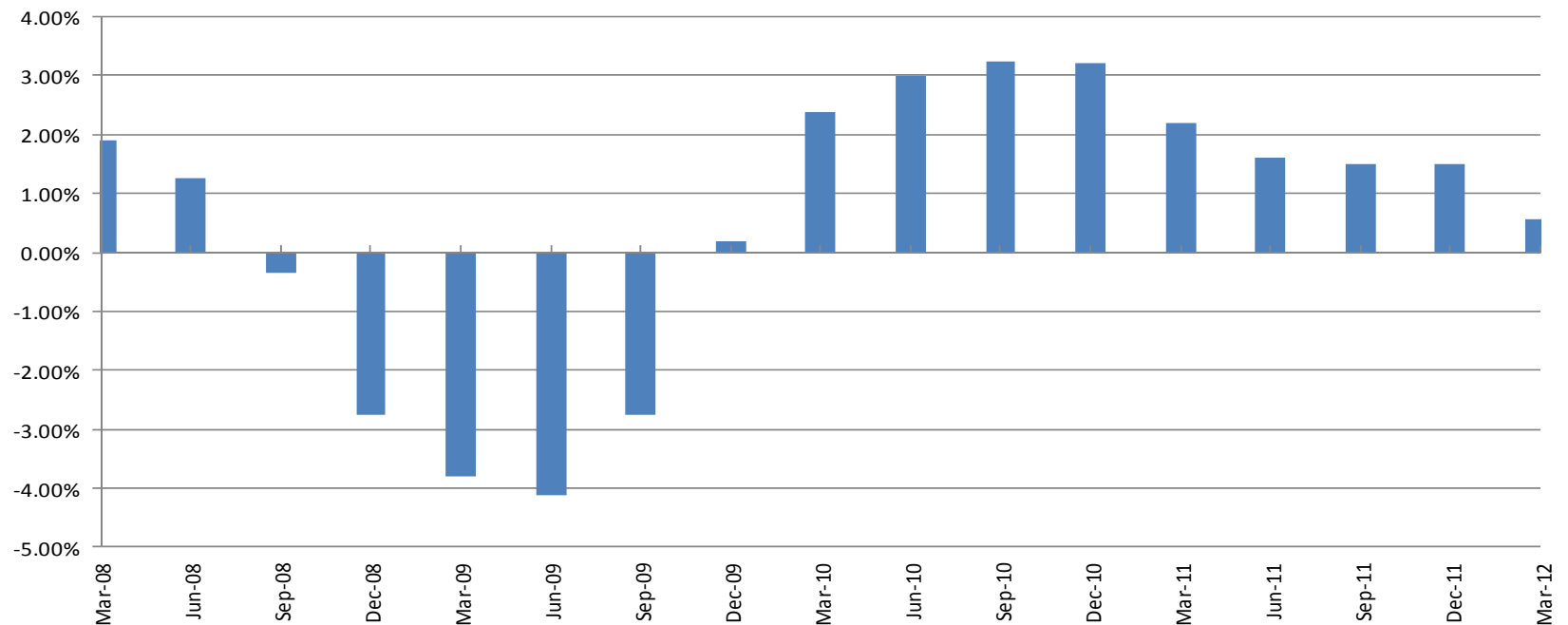


Source: U.S. Bureau of Economic Analysis

# *National Economy*

- Gross Domestic Product measures the growth in the economy.
- Eight quarters of continued growth.

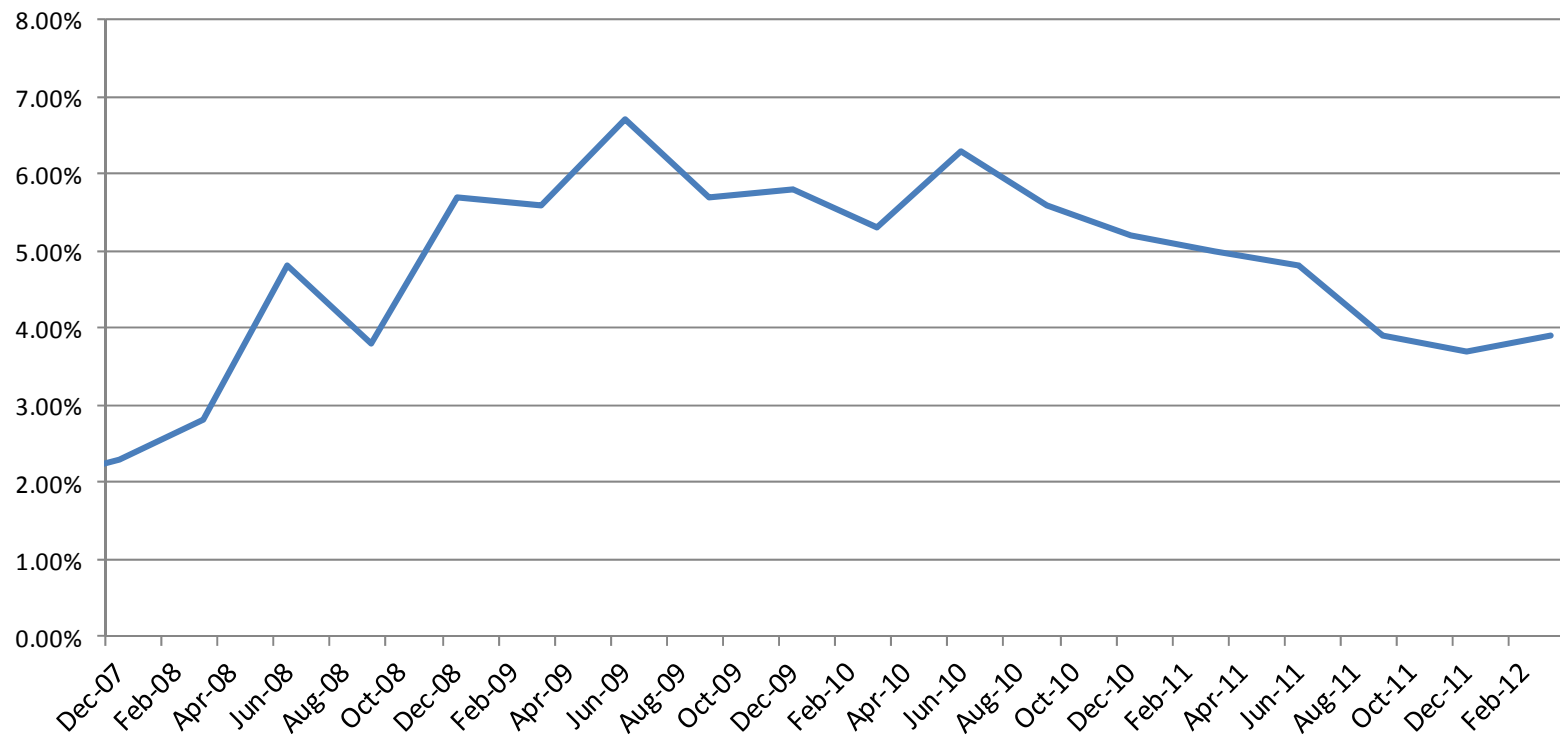
**Gross Domestic Product  
Year Over Year Growth**



# *National Economy*

- Individuals seeking to save money will often start with cutting certain personal spending habits in order to reduce unnecessary expenses, and to save money for more crucial expenses. Personal savings are trending downward; an indication that consumers are beginning to spend again.

## **Personal Savings as a Percentage of Personal Income**



# State Economy

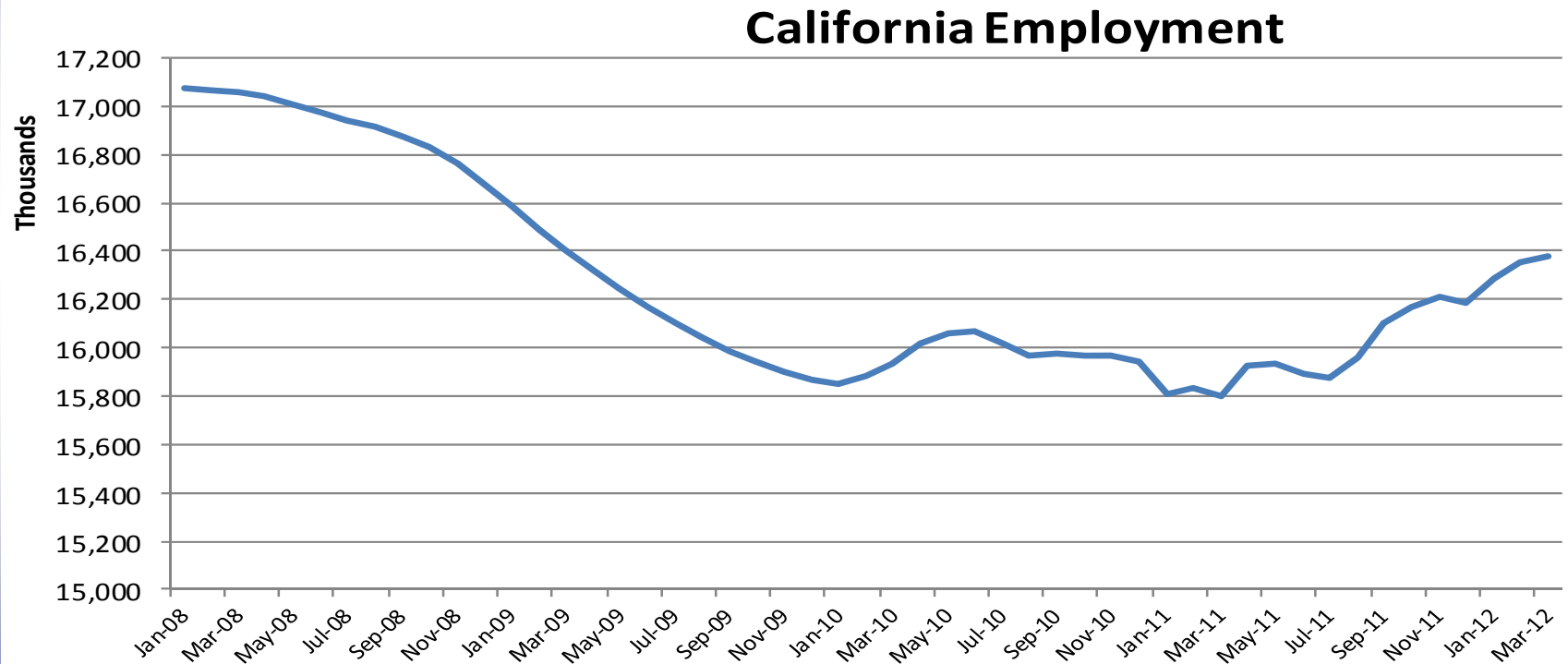
January's \$9.2 billion deficit for June 2012 has now been increased to \$15.7 billion.

- FY2012-13 Budget Proposal includes \$16.7 billion in proposed budget-balancing actions.

Revenue Actions \$5.9 billion	Expenditure Reductions \$8.3 billion	Other Actions \$2.5 billion
Governor's Tax Initiative \$5.6 billion <ul style="list-style-type: none"><li>• Personal Income Tax (Wealthiest Taxpayers)</li><li>• Temporary Sales Tax Increase 0.25% for 4 years</li></ul> Other Revenue \$0.3 billion	Health and Human Services \$2.4 billion <ul style="list-style-type: none"><li>• Extend existing Medi-Cal tax</li><li>• CalWORKS</li><li>• In-Home Supportive Services</li></ul> Education \$2.3 billion <ul style="list-style-type: none"><li>• Proposition 98 Funding</li><li>• Child Care</li><li>• Cal Grant Program</li></ul> Other Reductions \$3.5 billion <ul style="list-style-type: none"><li>• Redevelopment Assets</li><li>• State Mandates</li><li>• Judiciary</li><li>• Employee Compensation</li></ul>	<ul style="list-style-type: none"><li>• Loan Repayment Extensions</li><li>• Transfers and Loans from Special Funds</li><li>• Additional Weight Fee Revenues</li><li>• Unemployment Insurance Interest Payment</li></ul>

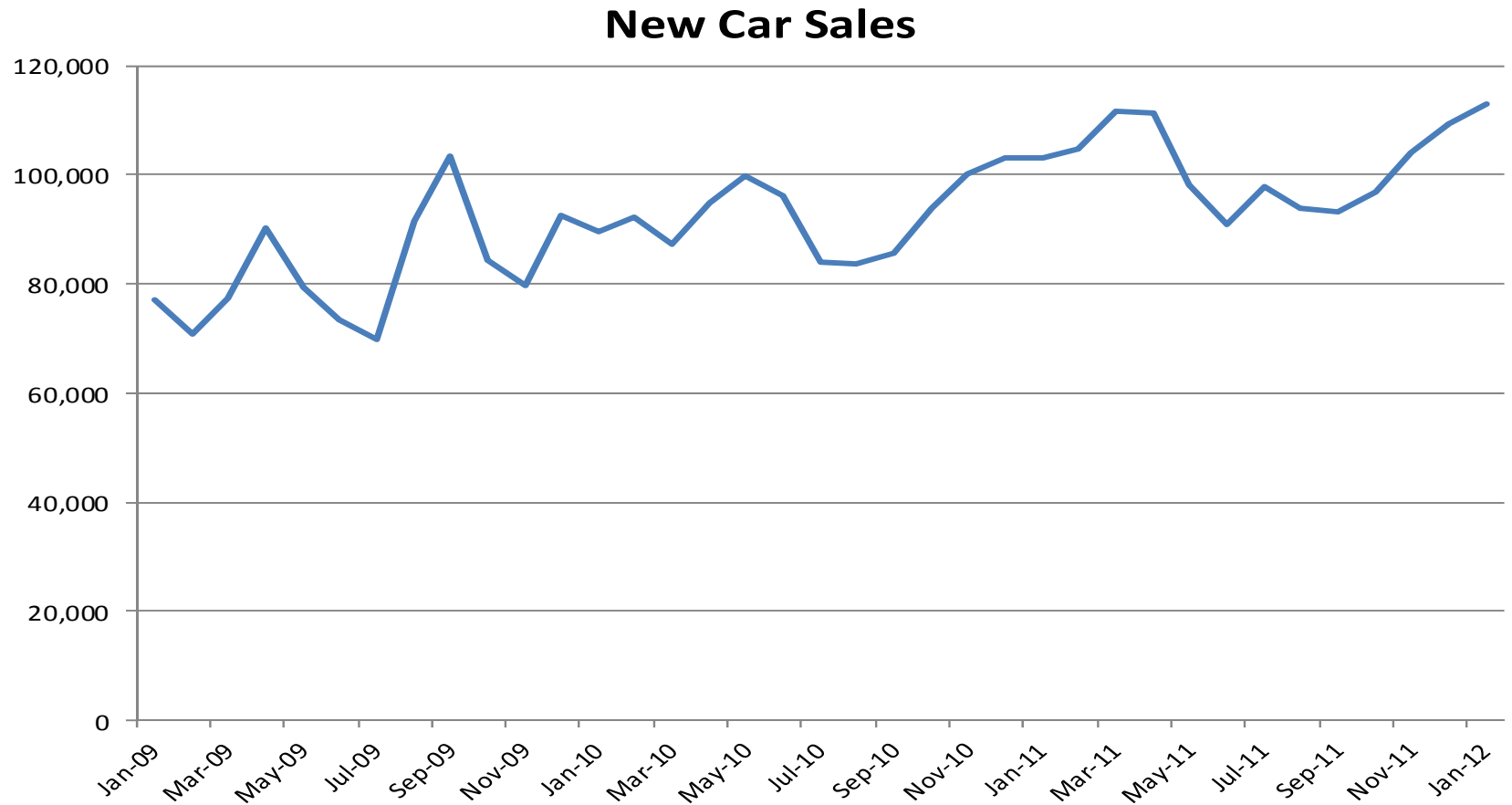
# State Economy- Employment

- 194,000 jobs added Jan – March 2012.
- Private Sector Job Growth averaged 21,700 new jobs per month June 2011- March 2012.



# State Economy

- Vehicle sales and registrations continue to increase for the past three years.



# *Local Economy*

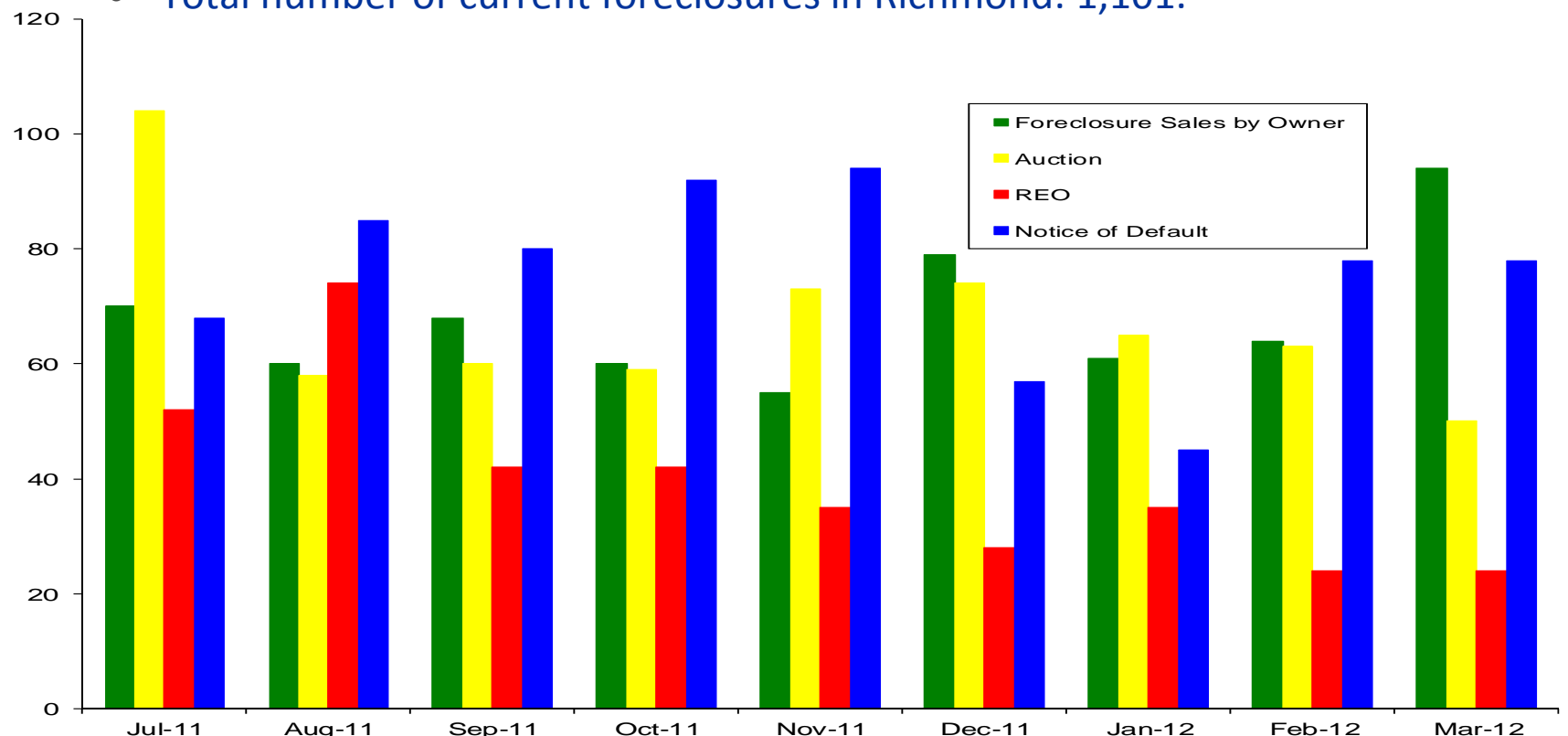
- Continued Improvements in Sales Tax Results
- 4.2% Increase from 2010 to 2011

Business Sector	Year-Over-Year Increase (December 2010-2011)
General Retail	1.2%
Food Products	2.9%
Transportation	14.7%
Construction	6.3%
Business to Business	-1.3%
Department Stores	2.1%
Service Stations	18.6%
Auto Sales – New	17.0%
Building Materials – Wholesale	25.1%
Restaurants	3.0%



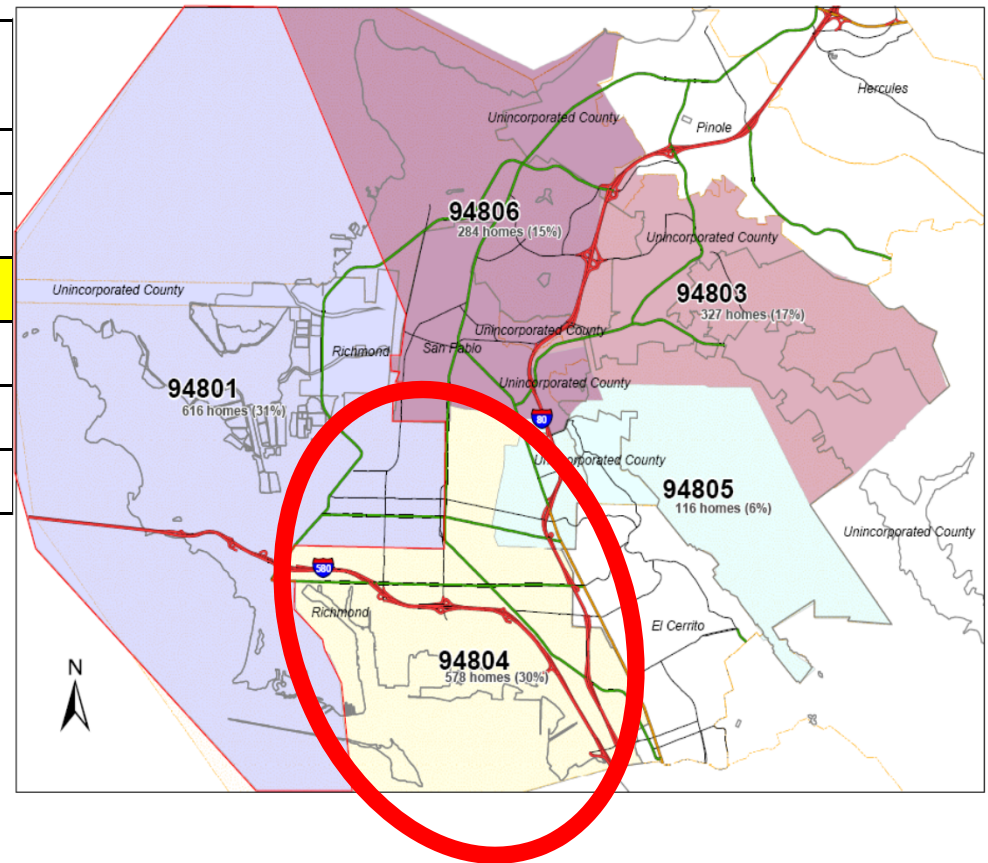
# Local Economy: Mortgages Underwater

- Six month falling trend of foreclosure activities (Notice of Default, Auction, Bank-Owned).
- Foreclosure Sales By Owner trending upwards.
- Total number of current foreclosures in Richmond: 1,101.



# Local Economy: Foreclosures In Richmond

Zip Code	Foreclosure May 14, 2012	Bank-Owned May 14, 2012
94801	354	154
94803	252	108
<b>94804</b>	<b>497</b>	<b>202</b>
94805	130	43
94806	166	57
<b>Total</b>	<b>1,399</b>	<b>564</b>

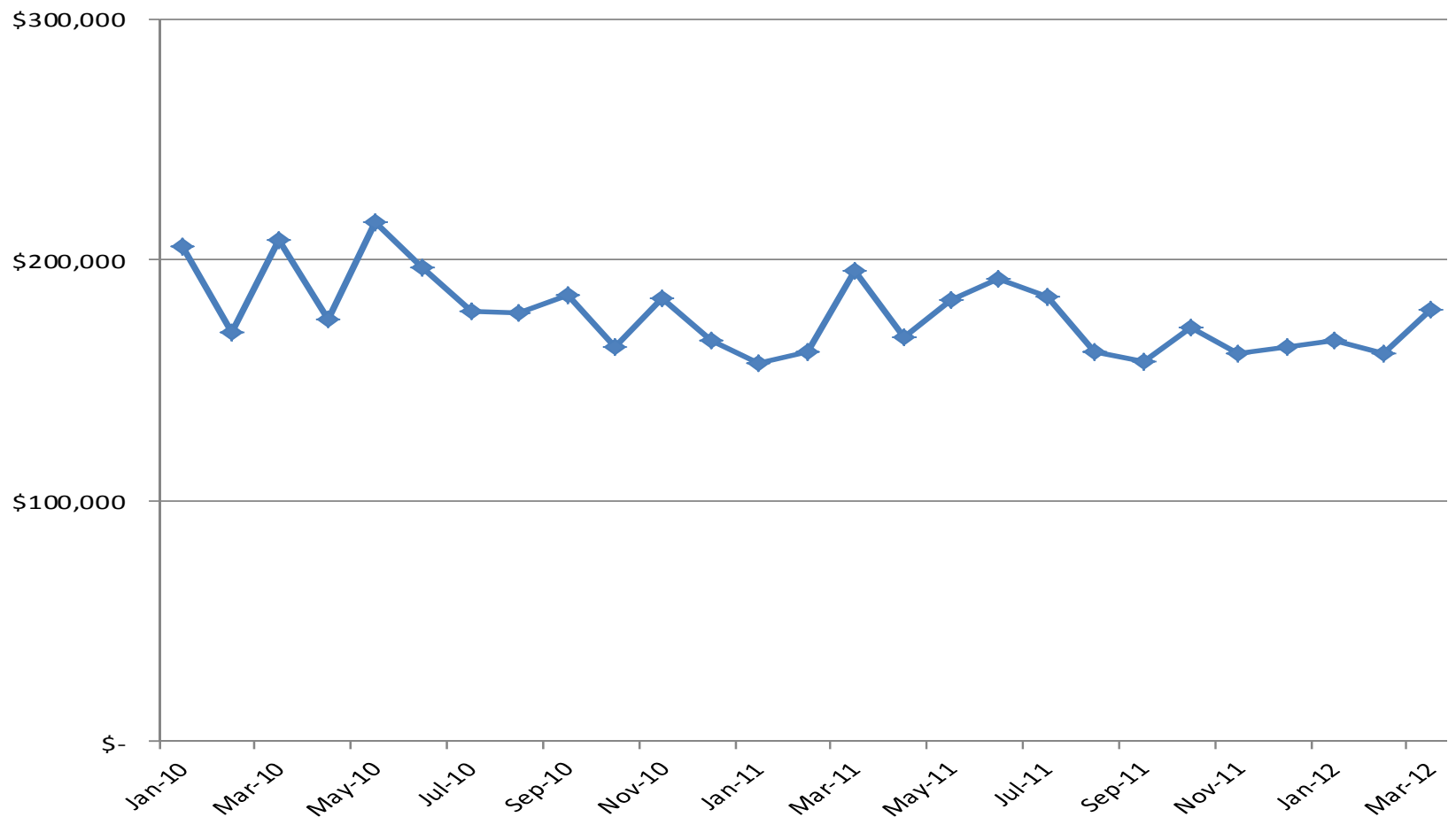


Source: RealtyTrac

# *Local Economy: Average Sales Price*

March 2012 Average Sales Price for a Richmond Home \$160,000

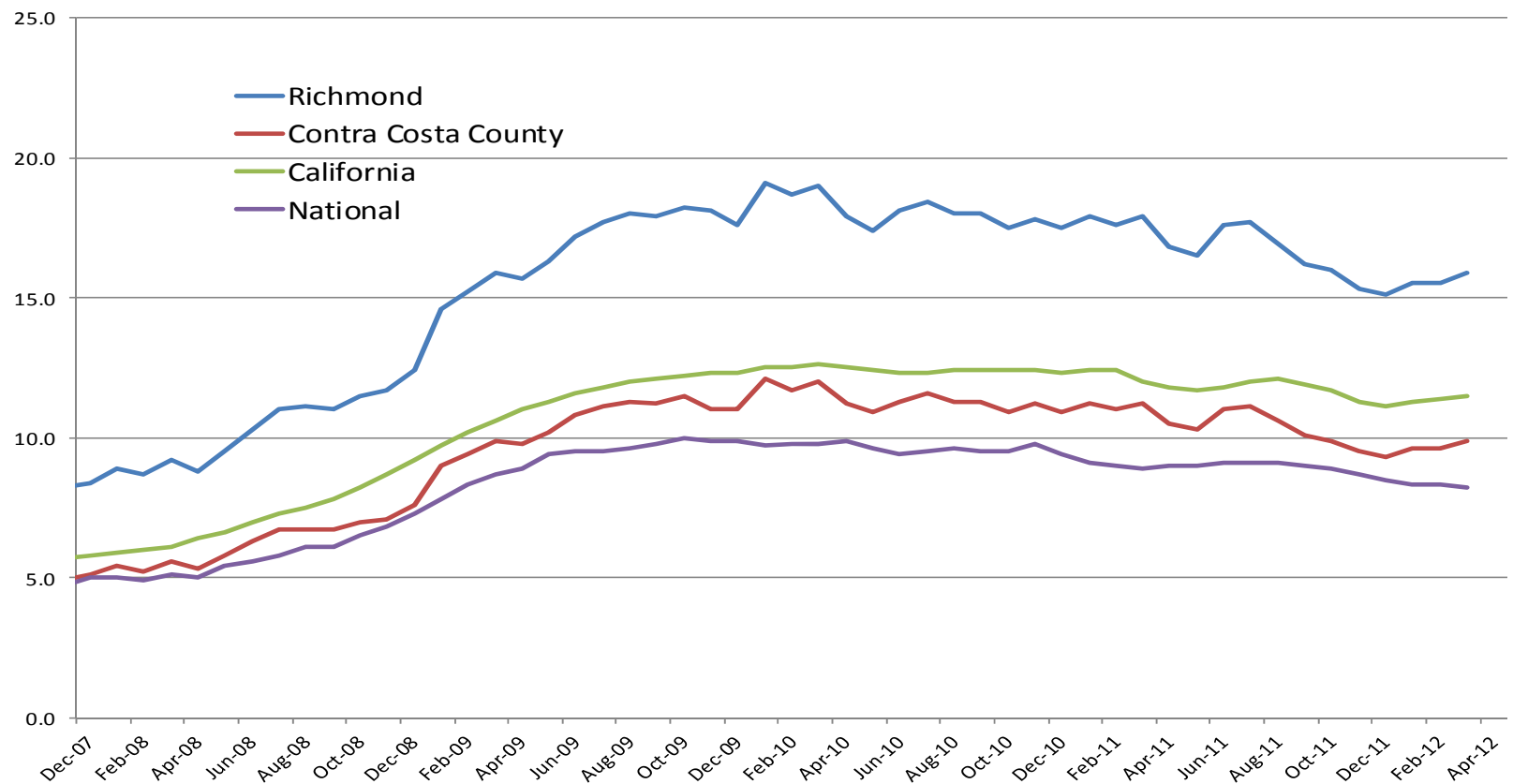
**Average Sales Price - Richmond Homes**



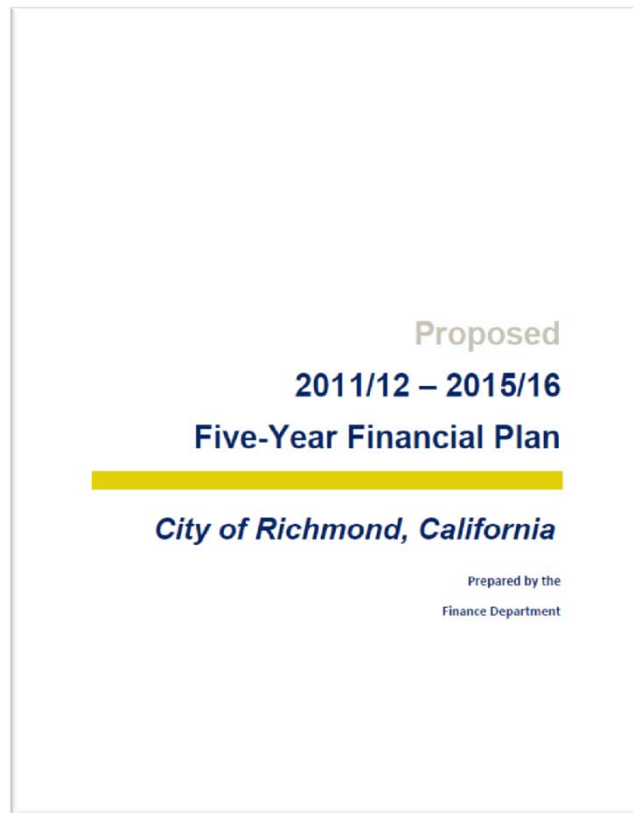
# Local Economy

Jobless claims have continued the decrease first seen in 2010.

- Richmond's unemployment rate fell from 18.7% in January 2010 to 15.9% in March 2012.



# *Five-Year Financial Plan*



- Financial vision for the City over the next five years
- Four Phases
- First retreat July 20, 2010

# *Budget Process*



# Budget Calendar

<i>RESPONSIBLE DEPARTMENT / STAFF</i>	<i>ACTION / ACTIVITY</i>	<i>DATE</i>
Finance Department/ City Manager/All Departments	Five-Year Financial Plan To Finance Committee.	May 4, 2012
Finance Department/ City Manager/Related Departments	Community Budget Meeting - 1 North & East, <b>Richmond Heights</b> & Richmore Village Location: Richmond Adult School, 6028 Ralston Ave	May 7, 2012 7:00PM
Finance Department/ City Manager/Related Departments	Community Budget Meeting – 2 <b>RNCC General Board Meeting</b> Location: 330 – 25 <sup>th</sup> St., Community Services Bldg, Rm 1	May 14, 2012 7:00PM
Finance Department/ City Manager/Related Departments	Community Budget Meeting – 3 <b>Iron Triangle</b> , Atchison Village, Belding Woods, Santa Fe, Coronado & Shields-Reid Location: 598 Nevin Ave, Nevin Community Center	May 17, 2012 6:00PM
Finance Department/ City Manager/Related Departments	Community Budget Meeting – 4 Cortez Stege, Eastshore, <b>Laurel Park</b> , Park Plaza, Parkview & Pullman Location: 3911 Cutting Blvd., Easter Hill Church	May 21, 2012 6:30PM
Finance Department/ City Manager/City Council	<b>Proposed Budget to City Council.</b>	May 22, 2012
Finance Department/ City Manager/Related Departments	Community Budget Meeting – 5 Panhandle Annex, <b>Richmond Annex</b> & Southwest Annex Location: 5801 Huntington, Annex Senior Center	May 24, 2012 7:00PM
Finance Department/ City Manager/Related Departments	Community Budget Meeting – 6 Pt. Richmond Neighborhood Council Location: 139 Washington Street, Pt. Richmond Community Center	May 30, 2012 7:30PM

# *Budget Calendar*

<b>All Departments/ City Manager/City Council</b>	<b>Financial overview and budget presentation. City departments' Operating and CIP budget presentations. Checklist created.</b>	<b>June 12, 2012 5:30PM</b>
<b>Finance Department/ City Manager/City Council</b>	<b>Council decision on checklist items.</b>	<b>June 19, 2012 7:00PM</b>
<b>Finance Department/ City Manager/City Council</b>	<b>Council to adopt budget and Five-Year Financial Plan</b>	<b>June 26, 2012 7:00PM</b>
<b>Finance Department</b>	<b>Adopted budget available in MUNIS.</b>	<b>June 30, 2012</b>
<b>Finance Department</b>	<b>Deadline to submit adopted budgets to GFOA &amp; CSMFO for Distinguished Budget Awards Programs.</b>	<b>September 26, 2012</b>



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## **CITY OF RICHMOND**

**FISCAL YEAR 2012-13**

### **PROPOSED OPERATING BUDGET**

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# *Operating and Capital Improvement Budgets*

City of Richmond, California

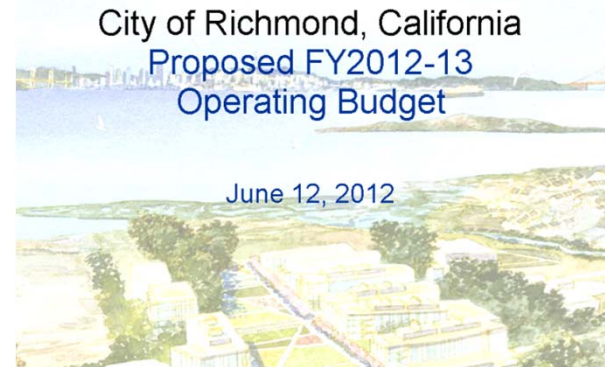
Proposed  
FY2012-13 to FY2016-17  
Capital Improvement  
Plan

June 12, 2012



City of Richmond, California  
Proposed FY2012-13  
Operating Budget

June 12, 2012



# *City of Richmond Credit Ratings*

City's Credit Rating	S & P	A+ (strong)
TRAN	S & P	A1+ (extremely strong)
Wastewater	S & P	AA- (very strong)

El Cerrito: AA-  
Oakland: AA-

Pinole: A +  
Antioch: A

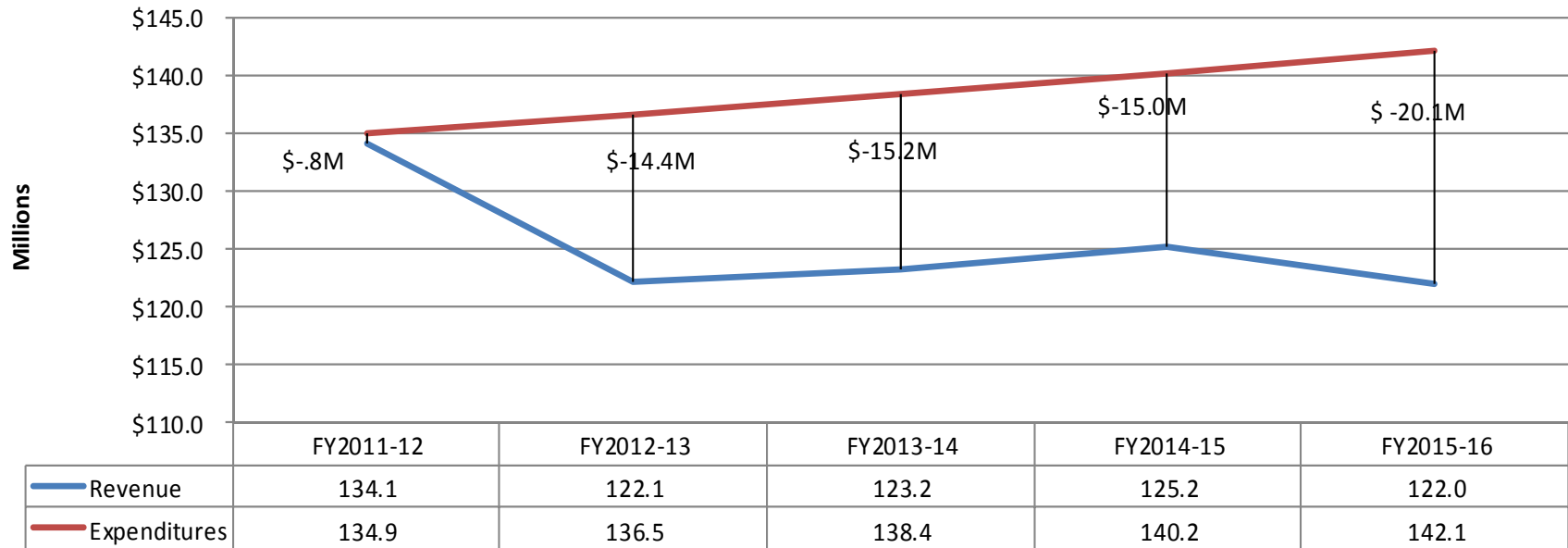
Hercules: BB  
Vallejo: C

Contra Costa County: AA-  
Fairfield: A

# General Fund

## Projected Revenue and Expenditure Projections

Five-Year Financial Forecast Summary

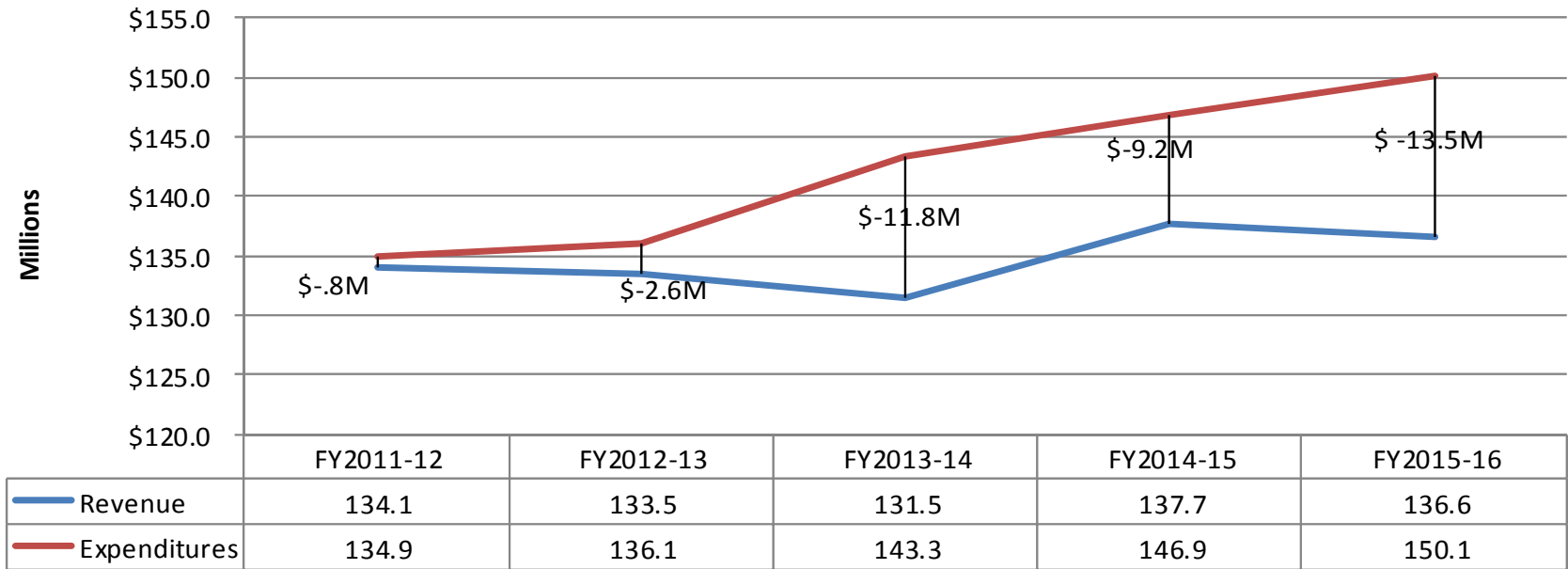


FY11-12 reflects adopted budget and includes Transfers-in and Transfers-out

# General Fund

## Current Revenue and Expenditure Projections

**Five-Year Financial Forecast Summary with Adjustments**



FY11-12 reflects adopted budget and includes Transfers-in and Transfers-out



# *Reducing Expenditures*

- Expenditures
  - \$2.6 million is the current gap





# *FY2012-13 Budget Adjustments*

Beginning Deficit	(\$14,446,508)
<b>Revenue Adjustments</b>	
Reduced Insurance Reserves to 55% Confidence Level	\$2,306,510
Other Revenue	\$947,005
<b>Total Adjusted Revenue</b>	<b>\$3,253,515</b>
<b>Expenditure Adjustments</b>	
Vacant Positions and Overtime Adjustments (14)	\$1,652,444
Reviewed and Reduced Contracts	\$1,131,837
Defer OPEB ARC Payment	\$4,985,985
Transfer Pension Debt Service Fund Surplus	\$800,000
Reduce Subsidies	\$1,079,218
Other Administrative Adjustments	(1,079,218)
<b>Total Adjusted Expenditures</b>	<b>\$8,558,303</b>
<b>Total Gap Closure</b>	<b><u>\$11,811,818</u></b>
<b>Current Deficit</b>	<b>(\$2,634,690)</b>

## *FY2012-13 Additional Adjustments*

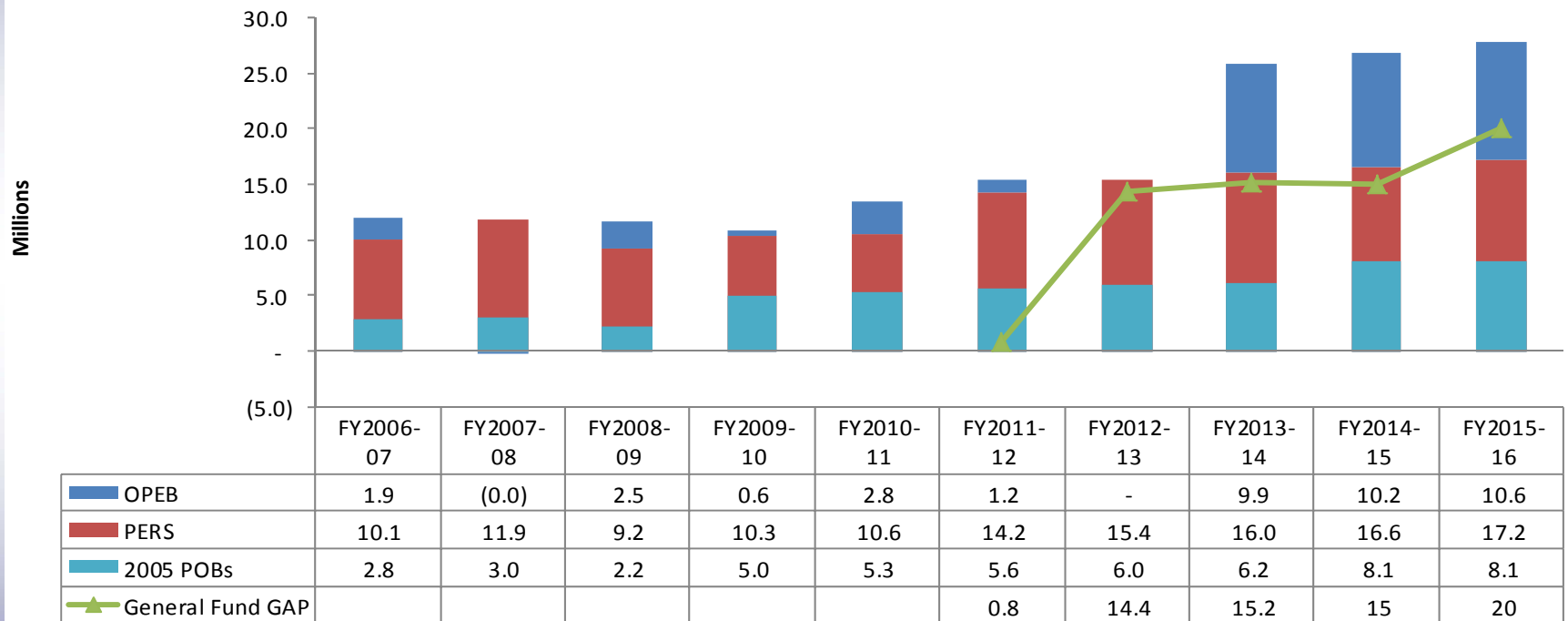
Beginning Deficit	(\$14,446,508)
Total Gap Closure	<u>\$11,811,818</u>
Current Deficit	(\$2,634,690)
Reduce Festival Funding by 50%	\$50,000
Reduce Campaign Funding by 50%	\$110,000
Proposals Currently Under Discussion with Bargaining Units	\$1,498,630
Total Additional Adjustments	\$1,658,630
Net Deficit After Adjustments	(\$976,060)

## *FY2012-13 Budget Reductions - CIP*

Deferred Projects	Amount
Point Richmond Retaining Wall	\$570,000
Emergency ROW Improvements	150,000
Total	\$720,000

# Post-retirement Benefits

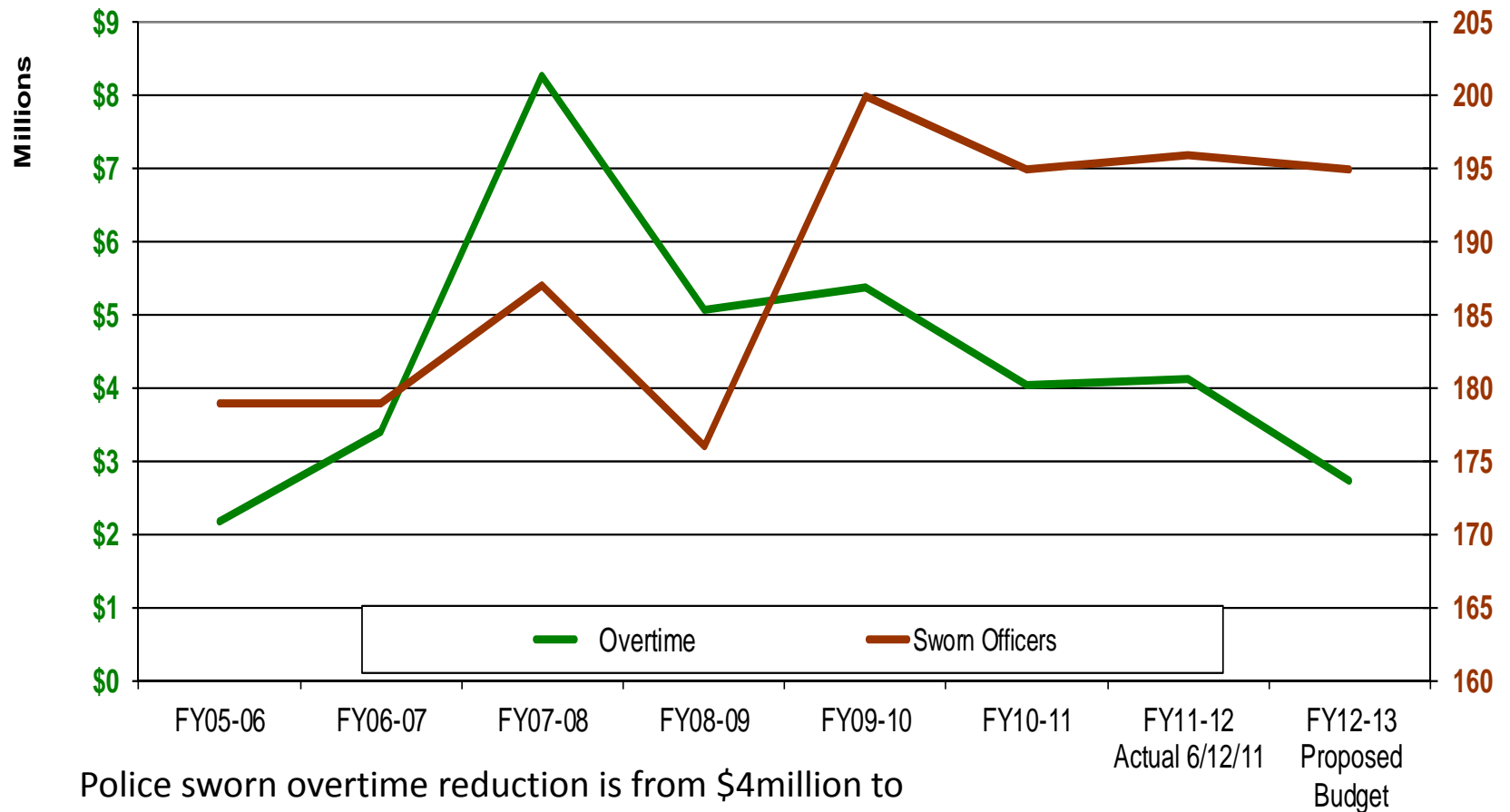
## Annual Required Contributions General Fund Structural Gap



PERS rates increased in FY2011-12 with a cumulative rate increase of 50% projected over the next five years.

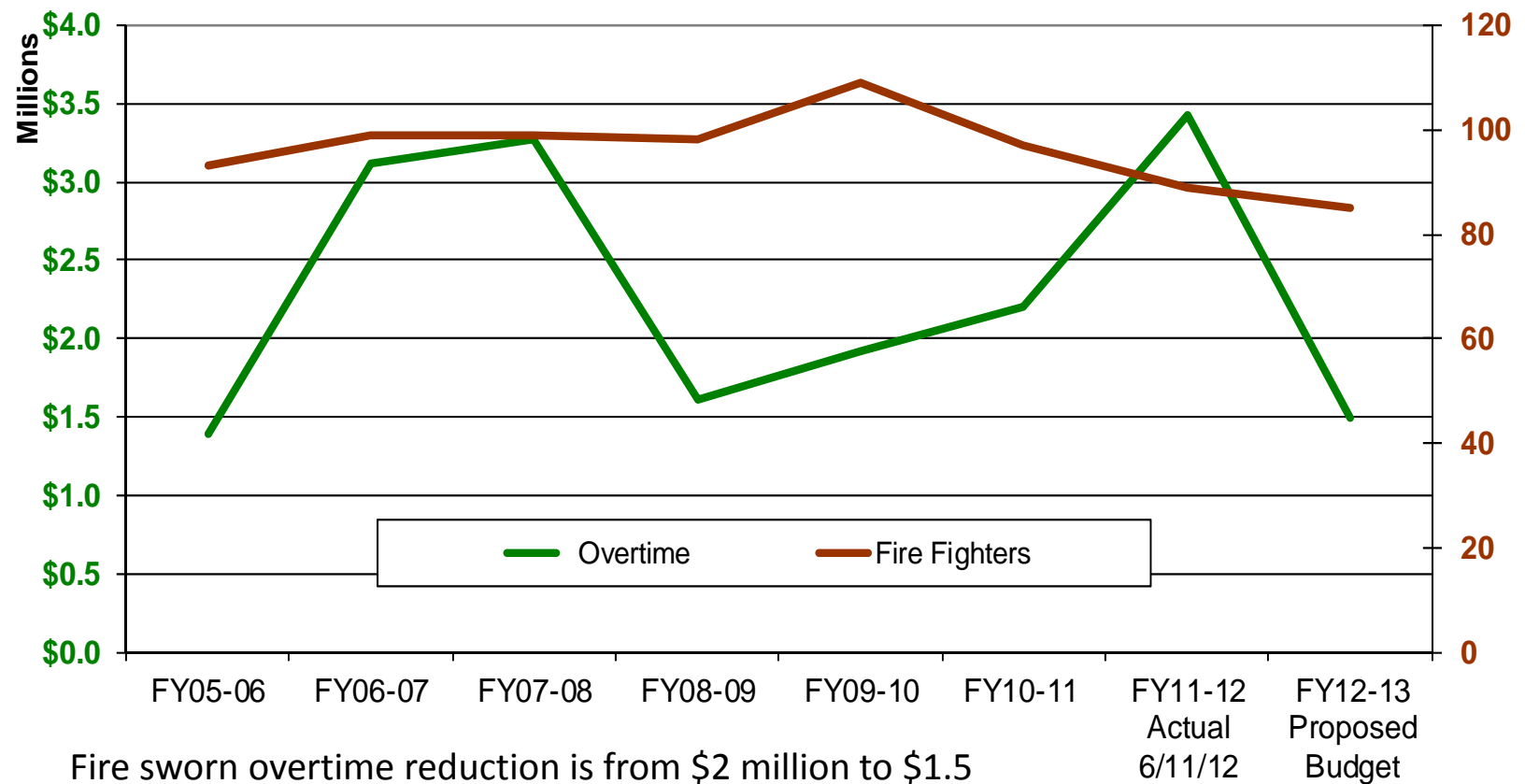
# General Fund: Police Department

## Historical Overtime

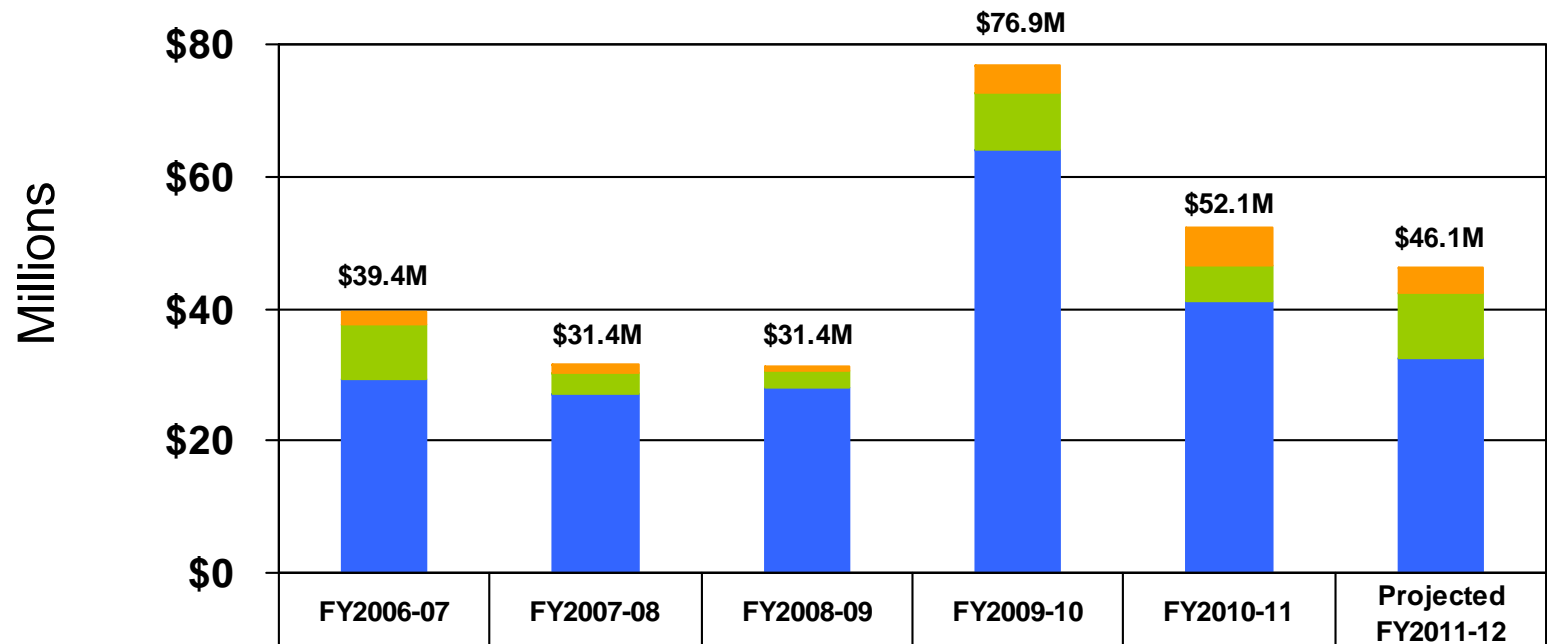


# General Fund: Fire Department

## Historical Overtime

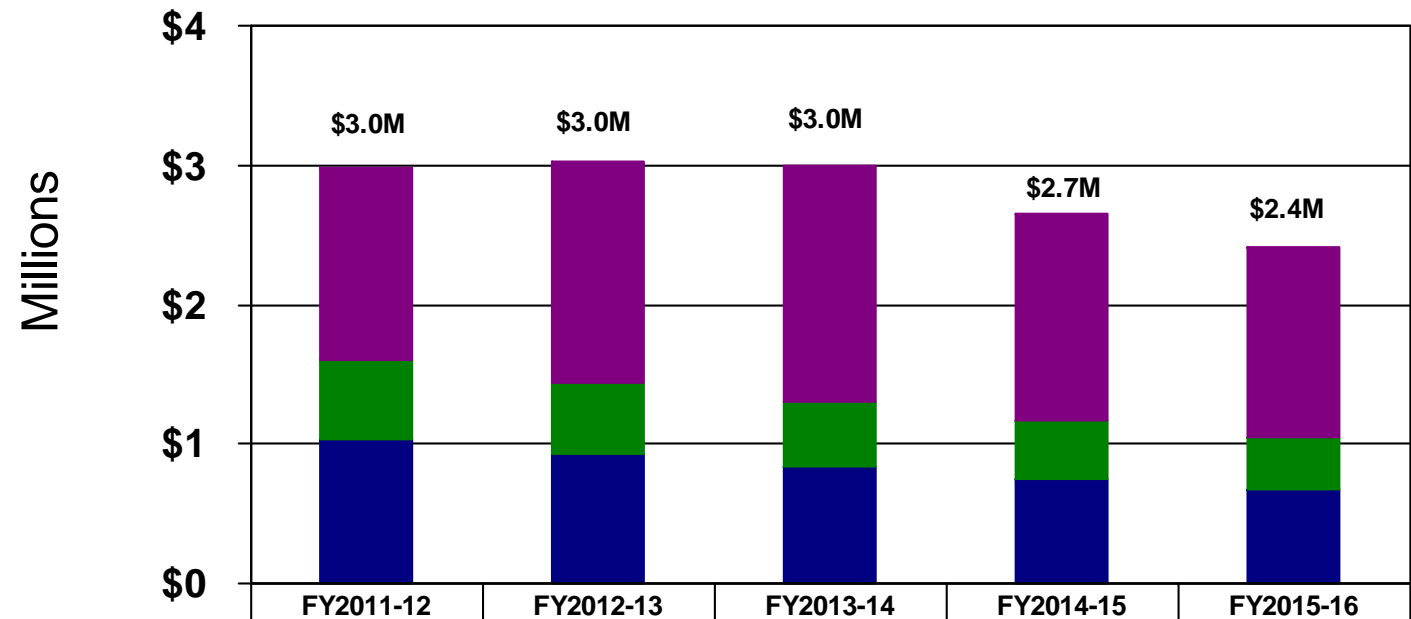


# General Fund and Non-General Fund Grant Revenues



	FY2006-07	FY2007-08	FY2008-09	FY2009-10	FY2010-11	Projected FY2011-12
General Fund Grants			\$394,000	\$1,300,000	\$2,300,000	\$1,600,000
Local /County/Private Grants	\$1,961,516	\$1,181,144	\$747,987	\$4,134,084	\$5,674,818	\$3,851,194
State Grant	\$8,344,268	\$3,210,710	\$2,435,614	\$8,817,052	\$5,470,031	\$9,845,976
Federal Grant	\$29,182,772	\$27,094,981	\$28,159,733	\$63,956,919	\$41,012,825	\$32,430,677

# Recurring Grant Revenues



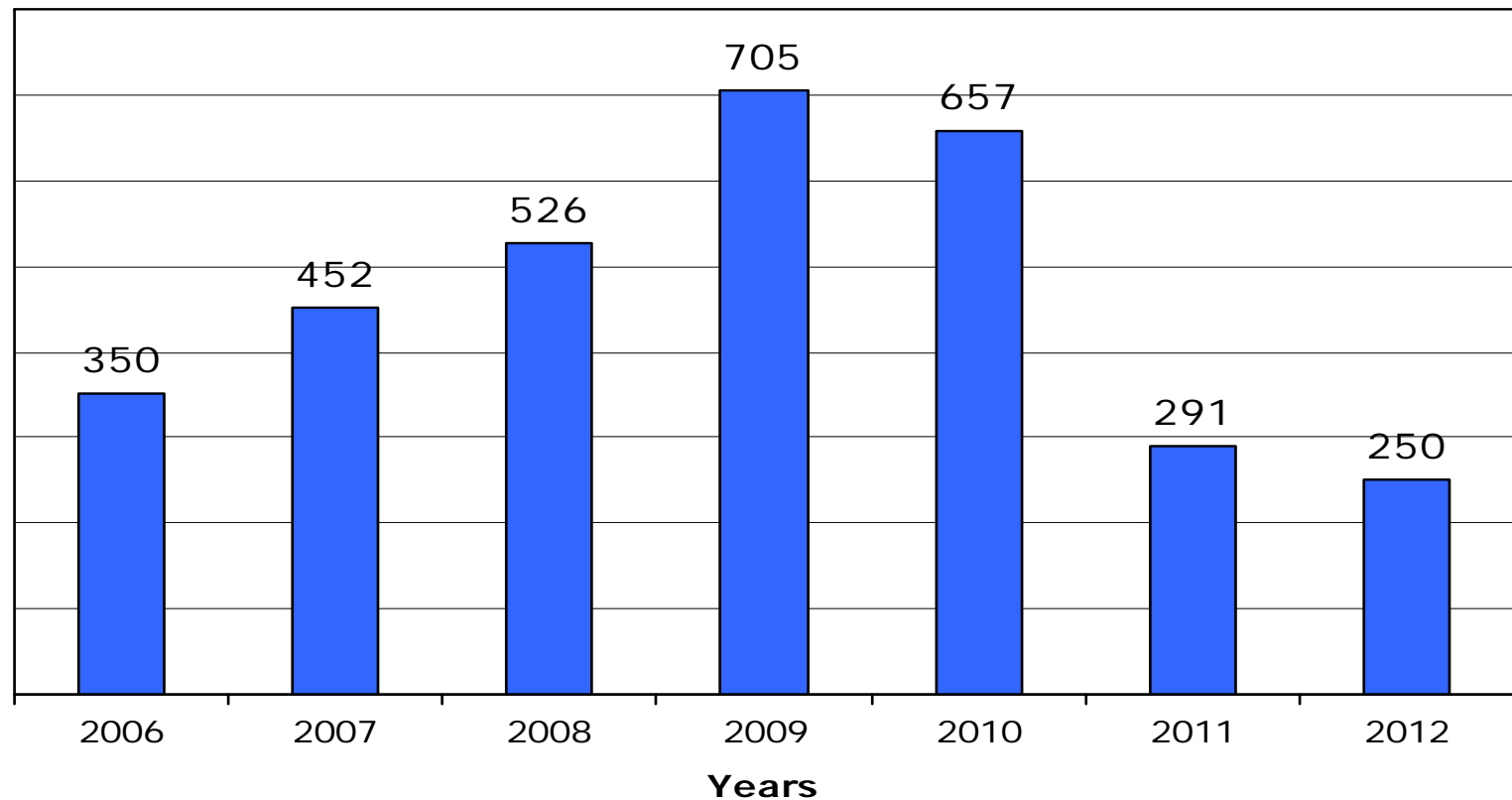
	FY2011-12	FY2012-13	FY2013-14	FY2014-15	FY2015-16
<b>Total Grant Revenues</b>	\$2,982,995	\$3,020,829	\$2,991,682	\$2,653,168	\$2,411,043
<b>Work Investment Act Grant</b>	\$1,377,995	\$1,575,829	\$1,691,682	\$1,483,168	\$1,358,043
<b>HOME Investment Partnership Grant</b>	\$575,000	\$518,000	\$466,000	\$419,000	\$377,000
<b>Comm. Dev. Block Grant</b>	\$1,030,000	\$927,000	\$834,000	\$751,000	\$676,000



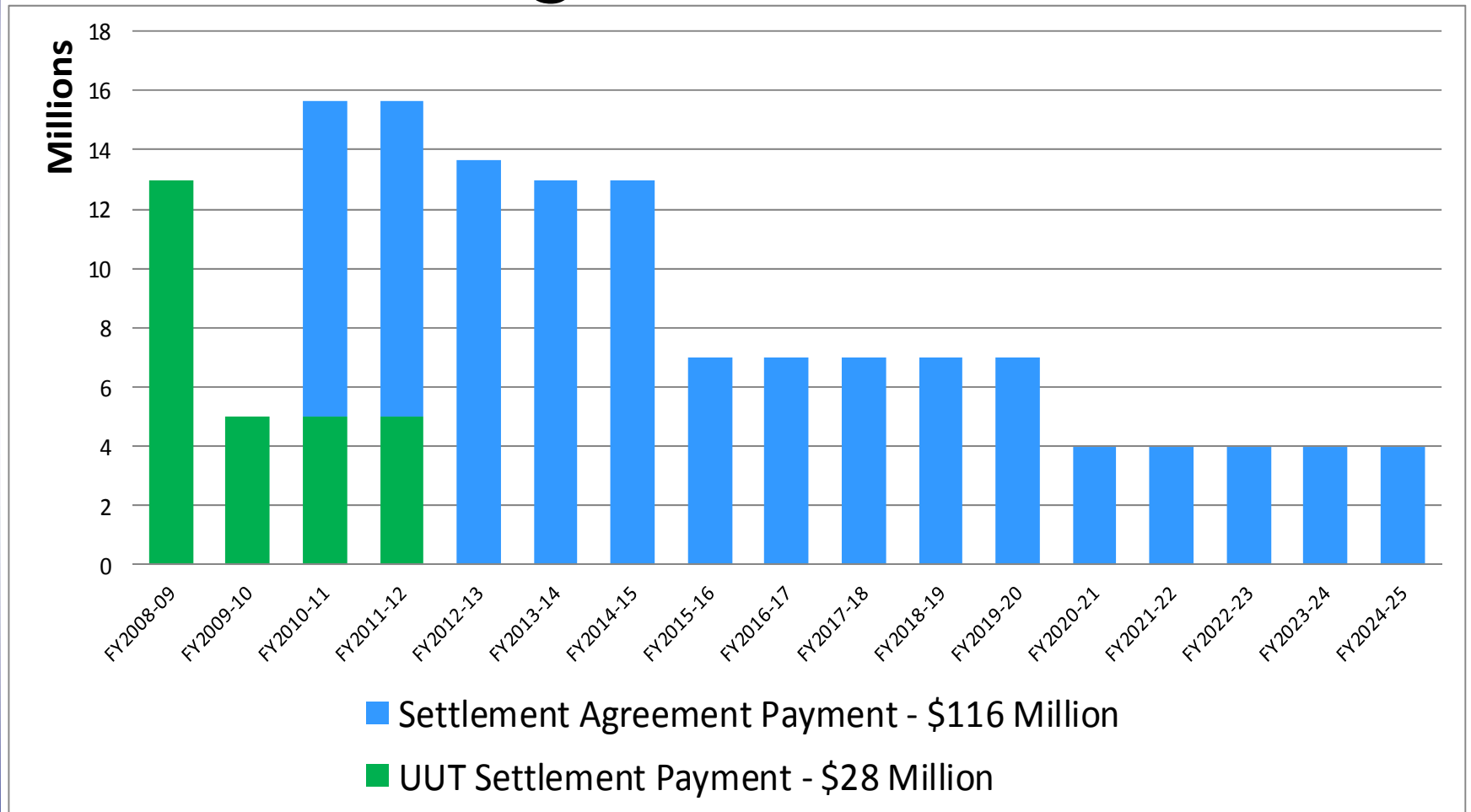
# *Summer Youth Employment Program*

35 Businesses Placed 250 Youth in Jobs

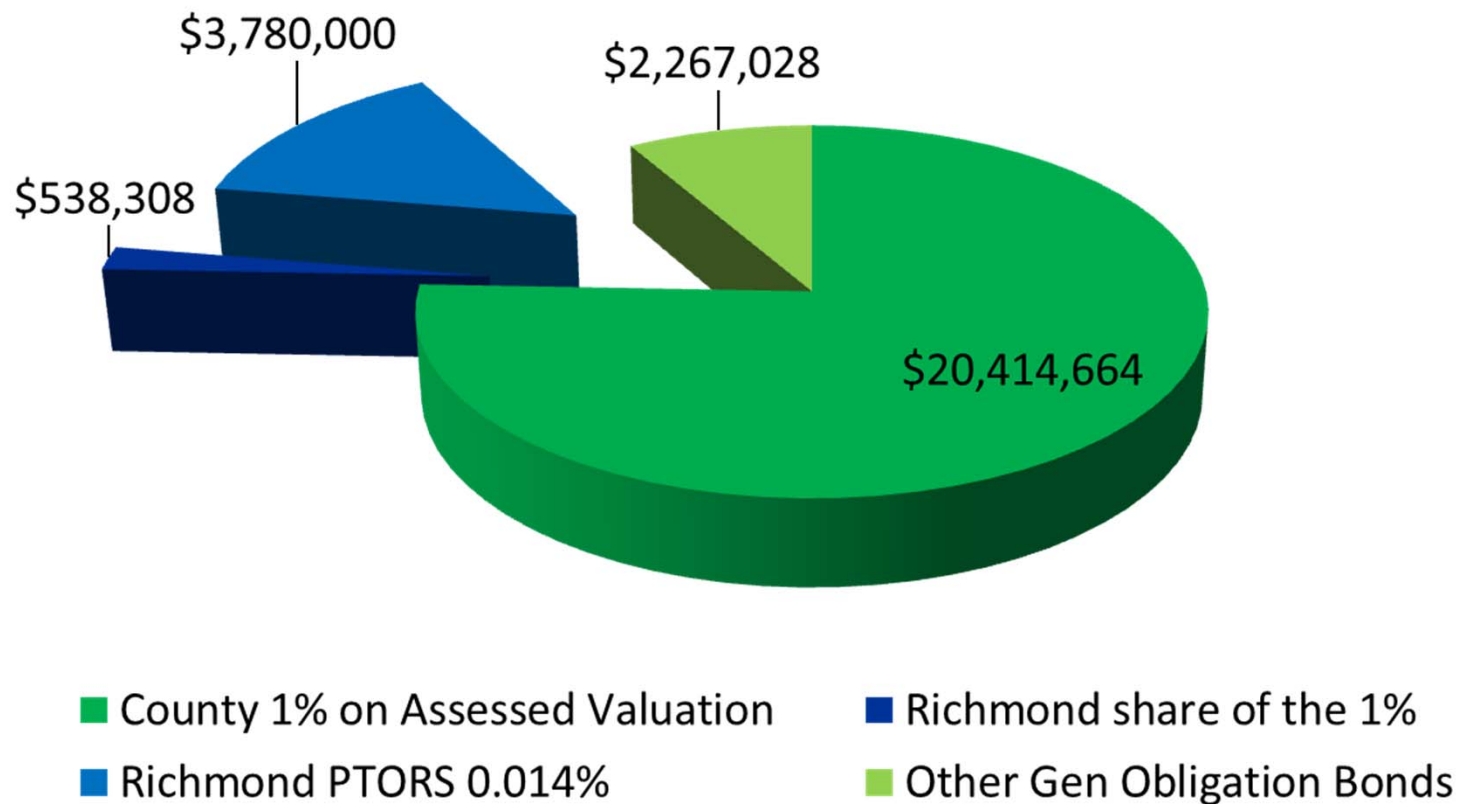
**Annual number of youth trained and placed in the workplace**



# *Chevron Agreement*



# *Chevron Assessment Appeal Refund (\$27 Million Total)*



## Promote Effective Government

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**Office of the Mayor** – Honorable Gayle  
McLaughlin, Mayor

*Programmatic and Service Impacts*

**Total Reduction: \$12,600**

- Staff will be unable to attend various trainings.
- Limited membership in sub-committees of mayors' groups.
- Reduced copying, printing, and frames for proclamations and certificates.

## Promote Effective Government

### City Council

#### *Programmatic and Service Impacts*

#### **Total Reduction: \$48,367**

- Limited ability to attend conferences and trainings.
- Reduced Sister City expense.
- Eliminate Memberships and Related Dues
  - Contra Costa Council
  - National League of Cities
- Reduce Part-time Temp and one Student Intern position to remain vacant.

### **City Clerk** – Diane Holmes, City Clerk *Programmatic and Service Impacts*

#### **Total Reduction - \$152,400**

- The Election Budget was originally \$300,000 (\$80,000 for the actual election costs and \$220,000 for matching funds for candidates). The matching funds have been reduced 50% to 110,000. The maximum allocation to each candidate is \$25,000.
  - In 2008 \$110,000 was disbursed in matching funds and in 2010 \$120,000 was disbursed.
- There will not be a reception following the January 2013 swearing-in ceremony.

## Promote Effective Government

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### **Office of the City Manager** – Bill Lindsay, City Manager *Programmatic and Service Impacts*

#### **Total Reduction - \$130,690**

- Eliminate all non-grant funded projects.
- Limited ability to support community needs/programs and respond to City Council directives.
- Climate Action Plan will be placed on hold.

## Promote Effective Government

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### **City Attorney's Office** – Bruce Goodmiller, City Attorney *Programmatic and Service Impacts*

#### **Total Reduction - \$171,276**

Reduced development and implementation of records management best practices

- Limited resources to effective, safe and cost efficient access to information
- Critical risk mitigation through compliance and governance delayed
- Unable to remain current with municipal law developments.



## Promote Effective Government

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### **Finance Department – Jim Goins, Finance Director** *Programmatic and Service Impacts*

#### **Total Reduction - \$273,941**

- Business License Counter and Cashier Window hours will be decreased.
- Delay in processing Cal-Card Reports, maintain vendor database, BidsOnline and Purchase Requisitions.
- Major projects may take longer – will have to be coordinated with regular task assignments.
- Decrease in number of Internal Audits from three to one.
- Staff will be unable to attend various mandated trainings.
  - Professional certifications may lapse.

## Promote Effective Government

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### **Human Resource Management – Leslie Knight,** Director/ Assistant City Manager *Programmatic and Service Impacts*

#### **Total Reduction - \$129,352**

- City's confidence level of the Insurance Reserves reduced to 55% due to \$3.3 million transfer in to the General Fund and reduced allocations to the departments.
- Delays in response time or reductions in services offered to departments and the public due to four HR functions being condensed into one position.
- Delay in response and reduction in support to departments on pending matters.
- Limited funding for Executive and Public Safety recruitments.

### **Information Technology** – Sue Hartman, IT Director *Programmatic and Service Impacts*

#### **Total Reduction - \$359,371**

- Reduced ERP/GIS enhancements for efficiencies and expansions of capabilities.
- Deferred maintenance and software upgrades.
- Reduced equipment replacement for catastrophic failure.
- Limited training for City and IT staff.
- Eliminated technical backfill for projects and emergencies.
- Deferred CIP – upgrade to High Definition broadcast standard.

## Maintain and Enhance the Physical Environment

### **Public Works** – Yader Bermudez, Public Works Director *Programmatic and Service Impacts*

#### **Total Reduction - \$705,000**

- Reduced response time for electrical repairs.
- Reduced wire theft repairs, remodeling, facility enhancements, equipment parts purchases, and materials for pothole patching.
- Reduced parking enforcement signage.
- Reduced ball field and turf maintenance and litter abatement.
- Implement Citywide efficiency programs for heating/electricity and mechanical weed abatement.
- Tree Planting – Urban Forest – Adopt-A-Tree Program unfunded.

## Maintain and Enhance the Physical Environment

### **Engineering Services** – Edric Kwan, City Engineer *Programmatic and Service Impacts*

#### **Total Reduction - \$682,450**

- Staff will be unable to attend various mandated trainings.
- Retrieving archived documents will be delayed.
- Various non-recoverable printing for staff and misc. requests will not be accommodated.
- No dedicated vehicle for department use.

#### **Capital Improvement (Paving) – \$400,000**

- Reduce from \$2M to \$1.6M. Planned pavement rehabilitation includes Cutting Boulevard, Payne Court (removed), Payne Drive (removed), and required preventative maintenance.

### **Police Department** – Chris Magnus, Police Chief *Programmatic and Service Impacts*

#### **Total Reduction - \$2,271,497**

- The Department may not be able to deploy the additional officers needed on short notice to quell retaliatory gang violence.
- The Department may not be able to provide staffing at various community events, neighborhood council meetings and celebrations .
- The Department may not be able to call-back detectives to the scene of certain crimes.
- Answer emergency and non-emergency calls in a timely manner.
- Conduct special neighborhood enforcement activities.
- Provide comprehensive regulatory functions related to marijuana dispensaries, taxis, smoke shops, alcohol selling/serving establishments, etc..
- Lower response time associated with Code Enforcement activities.

### **Fire Department** – Michael Banks, Fire Chief *Programmatic and Service Impacts*

#### **Total Reduction - \$579,343**

- Reduction of outside training opportunities.
- Reduction of public education presentations.
- Reduction of purchases of supplies and equipment.

## Promote a Safe and Secure Community

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### **Office of Neighborhood Safety** – DeVone Boggan, Director

#### *Programmatic and Service Impacts*

#### **Total Reduction - \$147,344**

- Reduced youth life skills & leadership development opportunities for the “ONS Population”.
- Reduced opportunities to provide financial sponsorship to community driven co-partnerships.
- Reduced city-wide reentry support – Reentry Solutions Group & PACT Meetings.
- Limited grant writing & resource development opportunities.
- Ground Zero Initiative (Clergy Lead Summertime Community Engagement) – Eliminated.
- One (1) ONS Peacekeeper position – Eliminated.
- PT Administrative and Accounting support positions – Eliminated.
- Reduced staff development & training opportunities.



## Promote a Safe and Secure Community

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### **Library and Cultural Services** – Katy Curl, Library and Cultural Services Director

#### *Programmatic and Service Impacts*

#### **Total Reduction - \$352,155**

- Library Materials and Interlibrary Loan Program.
- Reducing Main Library from six days to five days per week included loss of one evening. The goal is to preserve current number of service hours for branches and continue community outreach services.
- Grant funding for LEAP has been secured for first quarter services in FY12-13. Without additional grants, LEAP cannot accept new students and the number of classes offered will be reduced.
- Postpone Neighborhood ART Mini Grant for one year.

**Recreation Department** – Keith Jabari, Recreation  
Director

*Programmatic and Service Impacts*

**Total Reduction - \$160,000**

- **Community Centers and Programs:** Reduce evening and weekend hours of operation as well as decreased number of events.
- **Paratransit:** Reduction from five (5) to four (4) drivers will reduce the number of daily trips resulting in customer inconvenience.

## **Police Commission**

### *Programmatic and Service Impacts*

#### **Total Reduction - \$50,880**

- Service impacts pending City Council Action on the Confidential Investigative and Appeals Officer (CIAO) appointment.
- Reduce training opportunities for Commissioners.

## *Promote Economic Vitality*

# **Successor Agency to the Richmond Redevelopment Agency– Patrick Lynch, Housing Director**

## *Programmatic and Service Impacts*

### **Total Reduction - \$50 Million Tax Increment**

- Significant loss of new jobs and professional services for City of Richmond residents.
  - Delayed Miraflores Baxter Creek Daylight Project.
  - Metrowalk Phase II public improvements “street infrastructure,” including lighting, landscaping, and stormwater will not be constructed.
    - State Department of Finance denied \$6.4 million in tax increment, and therefore City of Richmond loses \$9.6 million in grants.
  - Metrowalk Phase II (Housing) 100 units will not be constructed.
  - Bradley A. Moody Memorial Underpass Project will be eliminated.
    - State Department of Finance denied \$6.2 million in tax increment and therefore City of Richmond loses \$32.5 million from State, Regional and Local funding sources.
  - Small Business Façade improvements eliminated.
  - Nevin Court Housing Development eliminated.

## **Employment and Training**– Sal Vaca, Employment and Training Director

### *Programmatic and Service Impacts*

#### **Total Reduction - \$213,884**

##### Youth

- Reduced number of youth placed in summer employment from 250 to 225
- Eliminated After School Academic program.

##### Adults:

- Reduced number of residents receiving case managed training and job placement assistance from 800 to 650.
- Reduced hours of operation for RichmondWorks One Stop Career Center.

### **Port of Richmond– Jim Matzorkis, Port Director** *Programmatic and Service Impacts*

#### **Total Reduction - \$48,000**

- Reduce marketing materials that help to promote the Port of Richmond
- Utilities
- Reduced building and ground maintenance.

## Promote Sustainable Communities

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**Planning and Building Regulations**– Richard Mitchell,  
Planning Director

### *Programmatic and Service Impacts*

#### **Total Reduction - \$429,293**

- Zoning Ordinance update needed to implement the recently adopted General Plan will be delayed.
- Various non-recoverable printing for staff and misc. requests will not be accommodated.

## Promote Sustainable Communities

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**Richmond Housing Authority**– Tim Jones, Housing Authority Director

### *Programmatic and Service Impacts*

#### **Total Reduction - \$147,517**

- Fewer caseworkers, which equates to larger caseloads; the work will take a longer to complete.
- Operating without a deputy director will require the responsibilities of this position to be shared by the Department Director and Operations Manager.
- Travel and training will be very limited, to staff only and only when absolutely necessary.





*Thank You*