



# Fiscal Year 2024/25 Proposed Budget Update

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Jennifer Terry, Finance Manager  
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**August 20, 2024, City Council Meeting, Agenda Item No. 33**



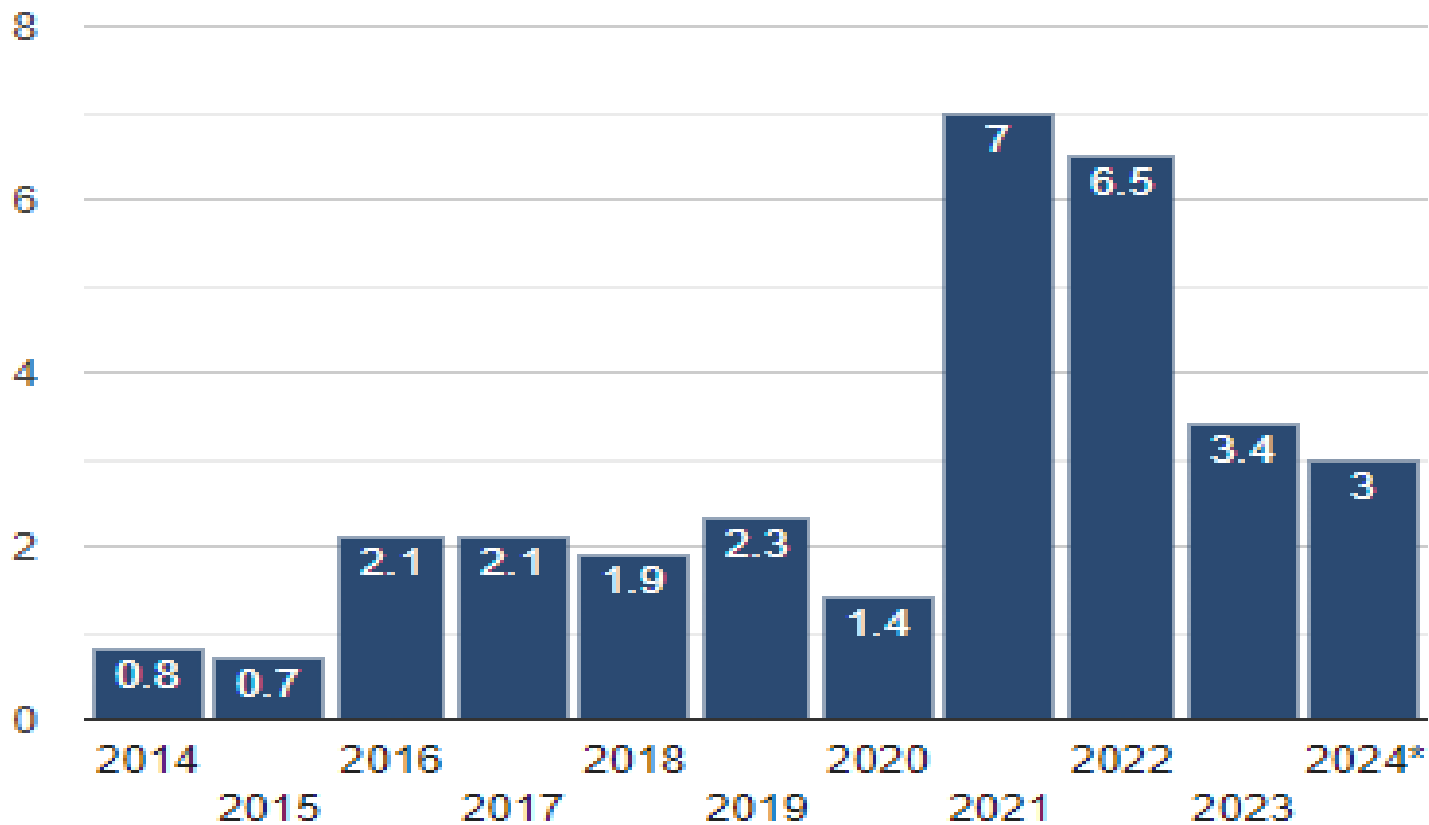
# Fiscal Year 2024/25 Proposed Budget Update

## Overview

- 2<sup>nd</sup> Year of the Biennial (two-year) Budget
- Economic Update and Budget Adjustment Drivers
- Discuss Changes to the General Fund, Measure T, and other significant changes
- Personnel Changes
  - Approve the Updated Schedule of Authorized Positions List
- Approval of Proposed Budget Adjustments
- Future Financial Updates

# Economic Update and Budget Adjustment Drivers

Chart: United States Annual Inflation Rates (2014 to 2024)



## Inflation

Inflation eased notably last year and has shown modest further progress so far this year, but it remains above the Federal Bank objective of 2 percent.

## Federal Reserve Bank

- Monetary Policy
  - **Interest Rate**
  - Balance Sheet

# Economic Update and Budget Adjustment Drivers

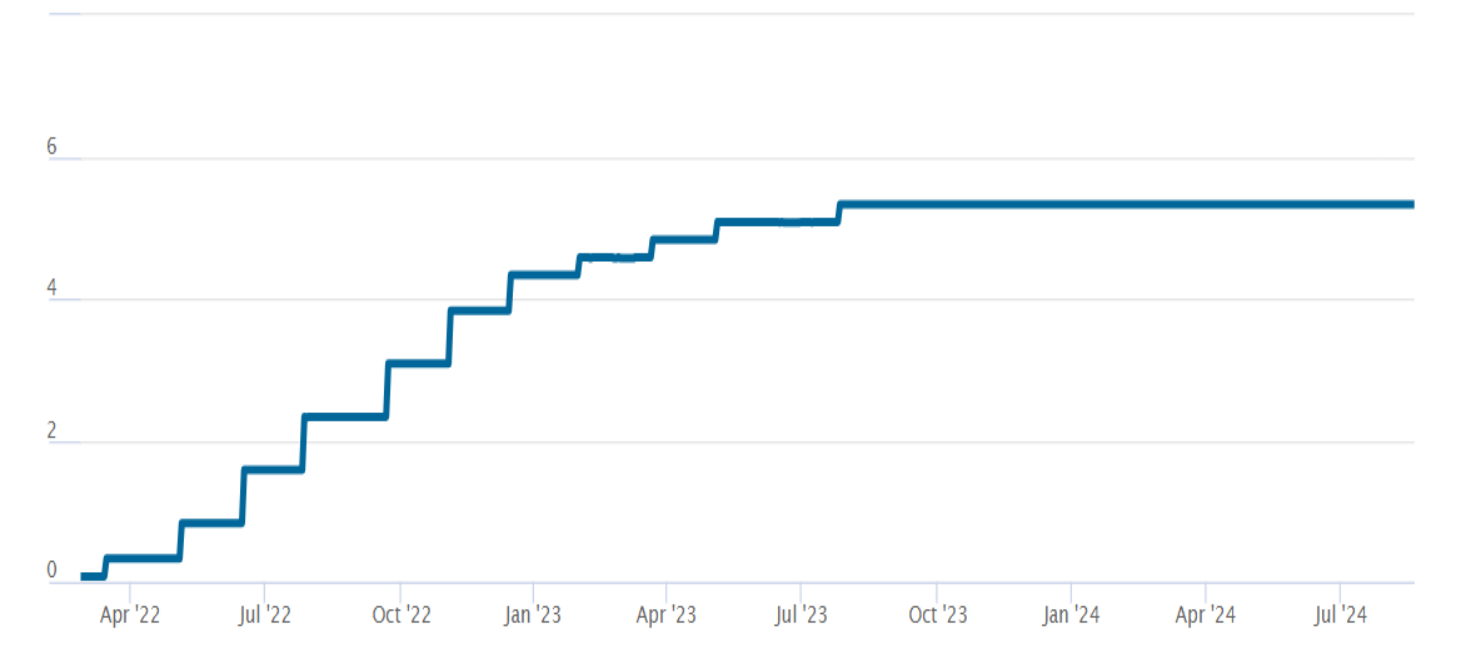
FEDERAL FUNDS CHART

1m 3m 1y All

From Mar 1, 2022 To Aug 19, 2024

● Target Rate/Range — EFR — Volume  
\$Billions

Percent



## Federal Reserve Bank

- Interest Rate Policy
- Increase Federal Funds Rate
  - 5.25% - 5.50%
  - Rate increases = 11 times
  - No rate cut for 13 months
  - Reverse Inflation (Apr 2%)

## Economic Impact

- Restrictive Monetary Policy
  - Cost of borrowing is higher
  - Lower disposable income
    - Housing market
    - High-value purchases
      - Home, car, boat, furniture



# Economic Update and Budget Adjustment Drivers

Federal Reserve Bank

Economic Data

- Inflation Rate
- Unemployment Rate – 4.3%
- Labor Market
  - Companies are hiring less
  - Sign of economic slowdown

Federal Open Market Committee

- The rate cut in September is “on the table.”



## JULY JOBS REPORT MONTHLY CHANGE

SOURCE: BUREAU OF LABOR STATISTICS

JOBS

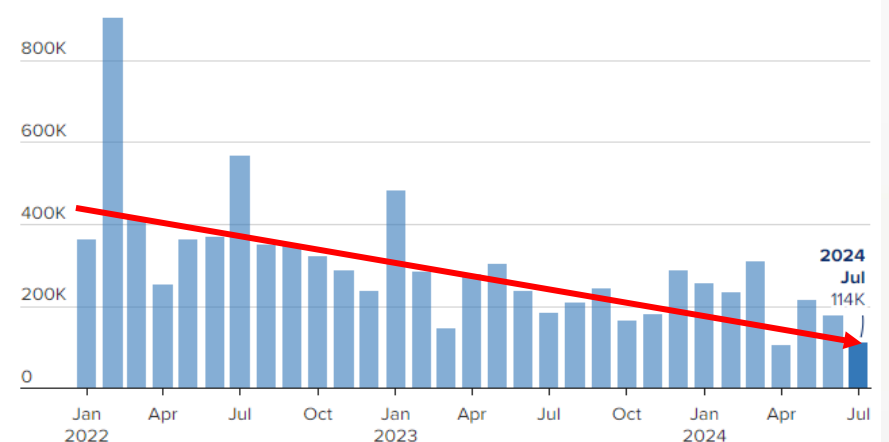
**114,000**

UNEMPLOYMENT

**4.3%**

### Monthly job creation in the U.S.

January 2022 through July 2024



# Economic Update and Budget Adjustment Drivers

## Revenue

- Economic Conditions/Inflation
  - Lower than anticipated
    - Sales Tax
    - Transient Occupancy Tax
    - Charges for Services
    - Property Transfers
  - Higher than anticipated
    - Investment Earnings

## Expenditures

- Salaries and Benefits
  - MOU Labor Agreements – All Groups
  - Pension Payments

## Operating Costs

- Rising Risk Insurance Costs
- Services/Contracts – Cost increases
- Equipment – New and replacements

## Current Capital Projects

- Design Services
- Construction
- Land Value

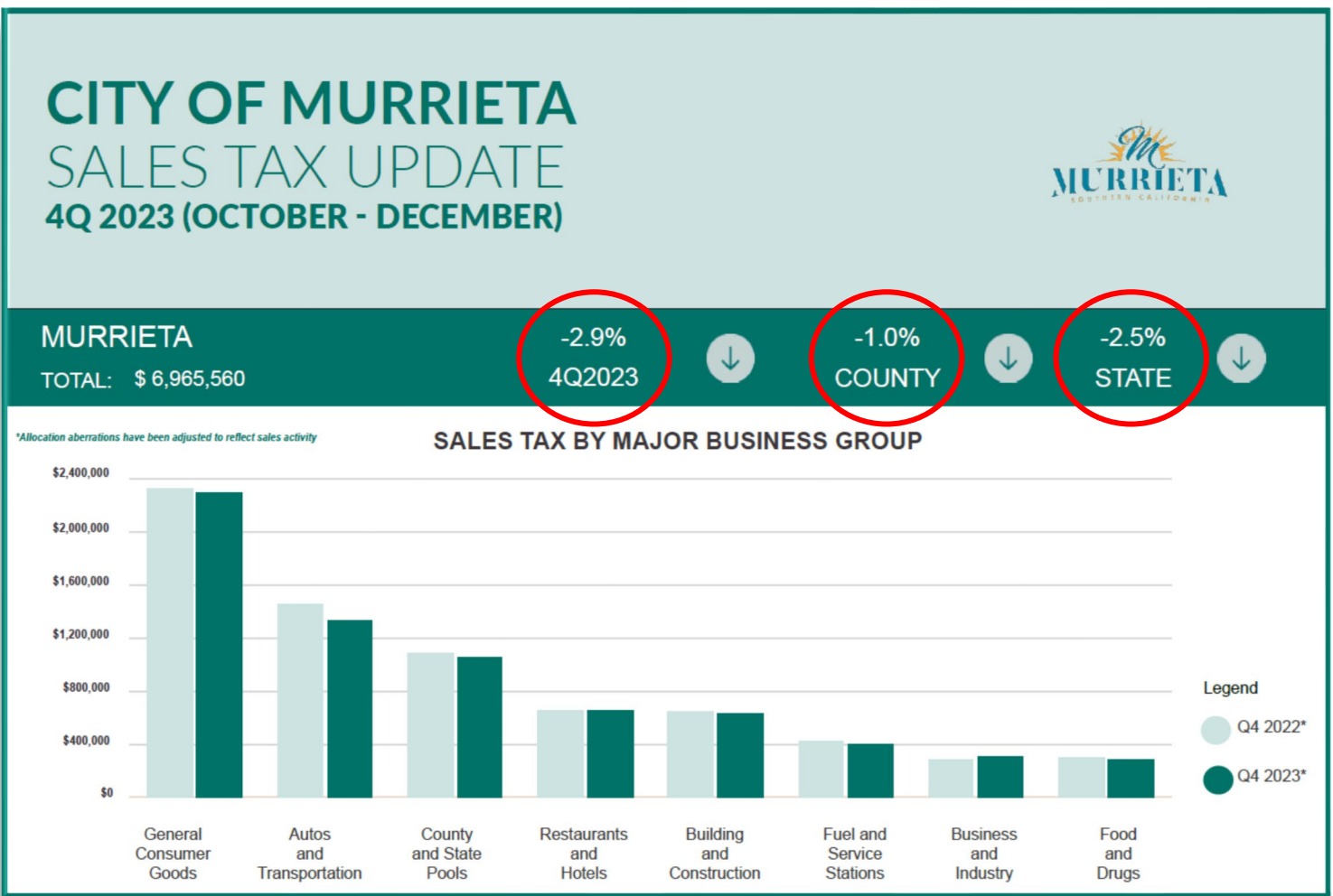




# Sales Tax

# Fiscal Year 2024/25 Proposed Budget Update

## Revenue - Sales Tax



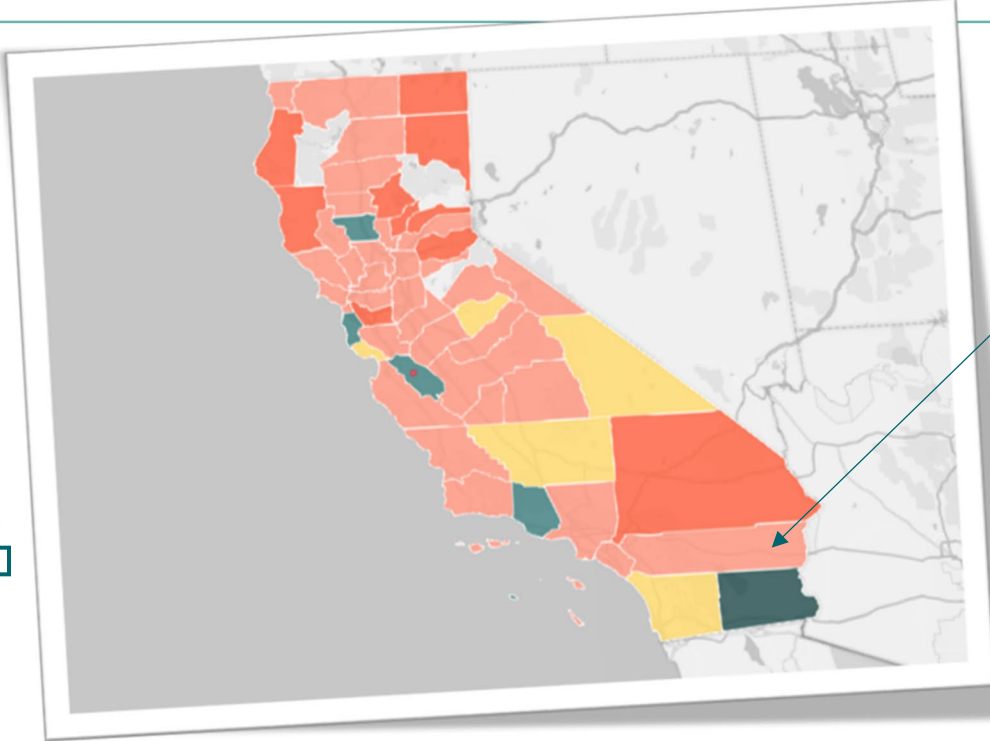
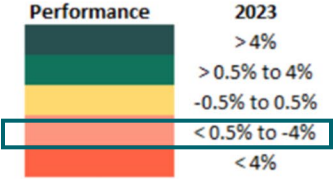


# Fiscal Year 2024/25 Proposed Budget Update

Revenue (Sales Tax)

## County Trends: Local Sales Tax

Calendar  
Year 2023  
-2.3%

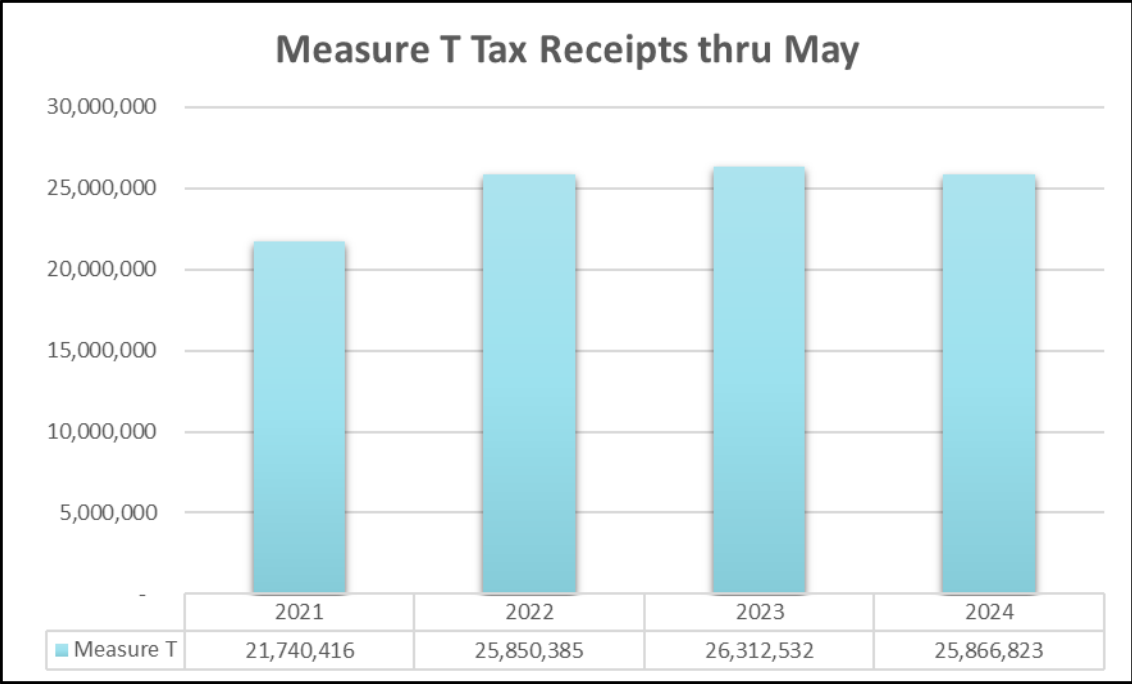
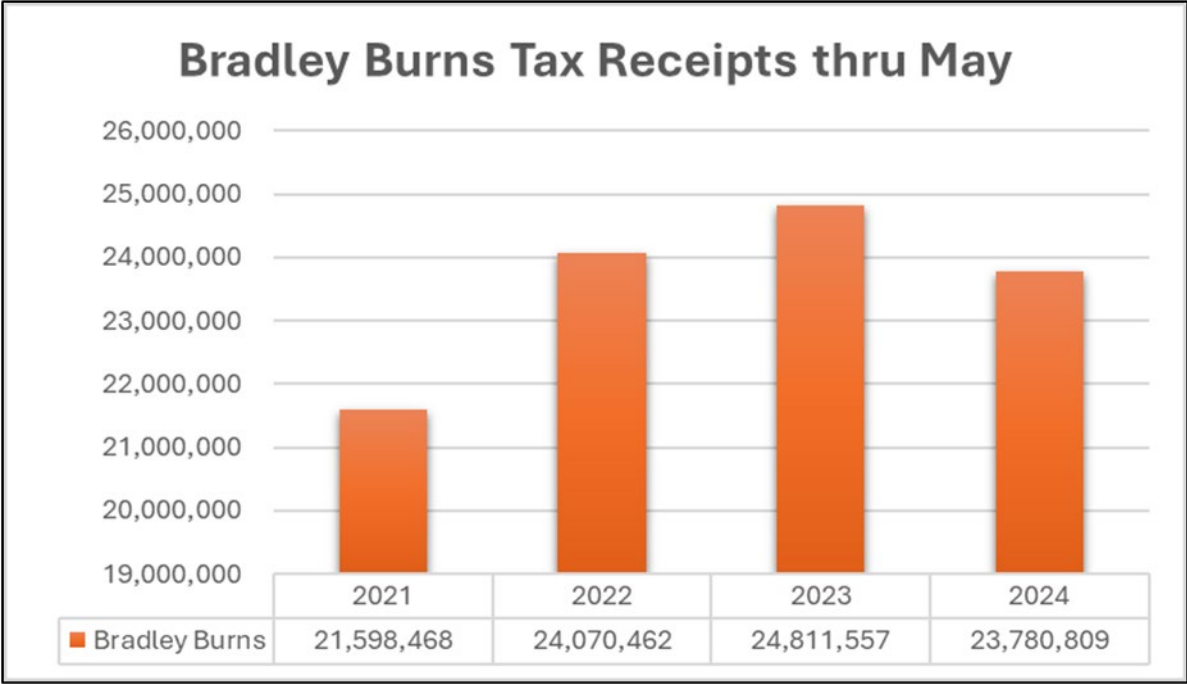


Riverside County



# Fiscal Year 2024/25 Proposed Budget Update

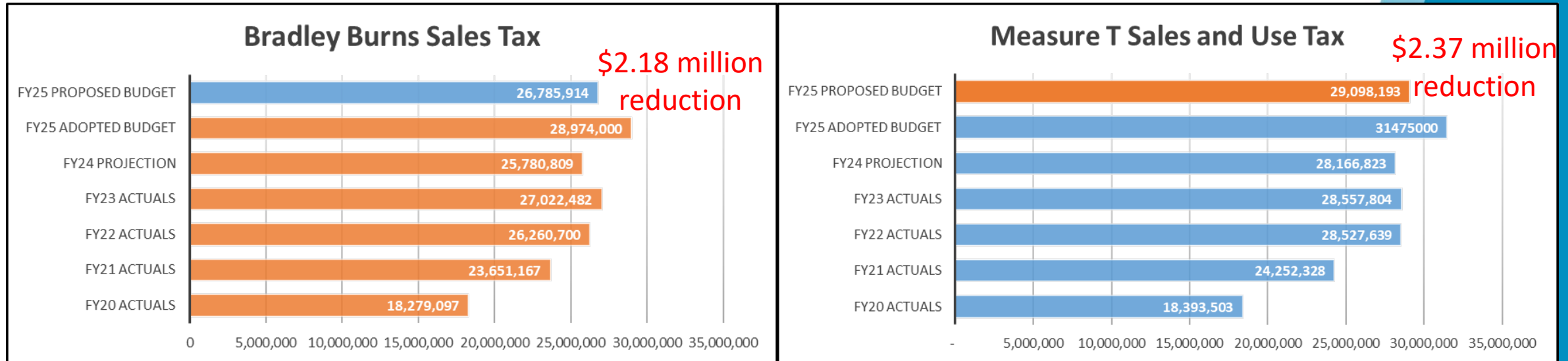
## Revenue - Sales Tax



- Softening of the Economy Causes
  - Extended Period of High-Interest Rates
  - Less Disposable Income
  - Fewer Auto Sales (New & Used)
  - Delayed Grand Openings for Big Box Retailers and Hospitality Locations
- Bradley Burns coming in 4% lower than FY 2022/23 & Measure T is 2% lower

# Fiscal Year 2024/25 Proposed Budget Update

## Revenue - Sales Tax



Four Years of Year-Over-Year Continued

Biennial Budget Revenue Projections (New Retail, Hospitality, & Year-Over-Year Growth)

Adjusted Fiscal Year 2024/25 Projections

Bradley Burns & Measure T, 3% higher than FY24



# General Fund & Measure T



# Fiscal Year 2024/25 Proposed Budget Update

GENERAL FUND				
	FY 2024/25 Adopted Budget	Proposed Adjustments	% Change	FY 2024/25 Proposed Amended Budget
<b>Revenues</b>				
Taxes-Sales Tax	\$ 28,770,000	\$ (2,179,926)	-8%	\$ 26,590,074
Taxes-VLF/Property Tax Comp	10,027,400	200,548	2%	10,227,948
Taxes-Property	9,914,100	199,534	2%	10,113,634
Other Misc Revenue	4,726,903	2,751,919	58%	7,478,822
Taxes-Franchises	4,652,000		0%	4,652,000
Charges for Services	4,867,960	(507,300)	-10%	4,360,660
License/Permit Fees	2,000,075	(176,000)	-9%	1,824,075
Taxes-Transient Occupancy Tax	5,546,000	(2,966,000)	-53%	2,580,000
Taxes-Business Licenses	1,065,400	-	0%	1,065,400
Taxes-Property Transfer	800,000	(250,000)	-31%	550,000
Loan/Bond/Lease Proceeds	-	-	0%	-
Transfer In	-	-	0%	-
<b>Total Revenue</b>	<b>\$ 72,369,838</b>	<b>\$ (2,927,225)</b>	<b>-4%</b>	<b>\$ 69,442,613</b>
<b>Expenditures</b>				
Personnel Costs	\$ 48,999,585	\$ 5,554,645	11%	\$ 54,554,230
Operations & Maintenance	13,007,435	(513,878)	-4%	12,493,557
Capital Outlay	1,231,626	(135,000)	-11%	1,096,626
Allocations	7,594,685	-	0%	7,594,685
Transfer Out	1,150,523	-	0%	1,150,523
<b>Total Expenditures</b>	<b>\$ 71,983,855</b>	<b>\$ 4,905,767</b>	<b>7%</b>	<b>\$ 76,889,622</b>
<b>Contribution to/(Use of) Fund Balance</b>	<b>\$ 385,983</b>	<b>\$ (7,832,992)</b>		<b>\$ (7,447,009)</b>

# Fiscal Year 2024/25 Proposed Budget Update

MEASURE T				
	FY 2024/25 Adopted Budget	Proposed Adjustments	% Change	FY 2024/25 Proposed Amended Budget
<b>Revenue</b>				
Taxes-Sales Tax	\$ 31,449,800	\$ (2,371,807)	-8%	\$ 29,077,993
<b>Total Revenue</b>	<b>\$ 31,449,800</b>	<b>\$ (2,371,807)</b>	<b>-8%</b>	<b>\$ 29,077,993</b>
<b>Expenditures</b>				
Personnel Costs	\$ 13,132,286	\$ 330,288	3%	\$ 13,462,574
Operations & Maintenance	2,599,796	(425,014)	-16%	2,174,782
Capital Outlay	925,365	(285,000)	-31%	640,365
Allocations	928,500	-	0%	928,500
Transfer Out	11,004,936	-	0%	11,004,936
<b>Total Expenditures</b>	<b>\$ 28,590,883</b>	<b>\$ (379,726)</b>	<b>-1%</b>	<b>\$ 28,211,157</b>
<b>Contribution to/(Use of) Fund Balance</b>	<b>\$ 2,858,917</b>	<b>\$ (1,992,082)</b>		<b>\$ 866,836</b>



# City Wide

# Fiscal Year 2024/25 Proposed Budget Update

## Remaining Citywide- Proposed Changes

### Revenues

#### Increases

- Interest Income \$567K

#### Decreases

- \$383K in Gas Tax Revenue
- Federal & State Reimbursement of \$961K
- Charges for Services and License/Permit Fees of \$107K

### Expenditures

- Increases of \$3 mil for Personnel related Expenditures.
- Decrease in O&M in the amount of \$2 mil due to City wide departmental reductions



# Fiscal Year 2024/25 Proposed Budget Update

## Personnel Changes

### Proposed FY 2024/25 Updates

Dept.	Title	FY 25 Changes	Dept.	Title	FY 25 Changes
<b>City Clerk</b>			<b>Public Works / Maintenance</b>		
	RECORDS CLERK - LIMITED TERM	-1		EQUIPMENT OPERATOR	-1
<b>ASD / HR &amp; Risk</b>			<b>Fire Administration</b>		
	HUMAN RESOURCE ANALYST	-1		OFFICE SPECIALIST- TEMPORARY	-1
				P/T TEMPORARY OFFICE SPECIALIST	-1
<b>Economic Development</b>			<b>Fire Operations</b>		
	PT INTERN - LIMITED TERM	-0.5		DIVISION CHIEF	-1
				MANAGEMENT ANALYST	1
<b>Library</b>			<b>Police Operations</b>		
	P/T LIBRARIAN	1		POLICE CORPORAL	-2
	P/T LIBRARY SPECIALIST	1		POLICE OFFICER*	+2 / -2
	PRINCIPAL LIBRARIAN	-1			
<b>DSD / Building &amp; Safety</b>			<b>Police Support</b>		
	BUILDING INSPECTOR I/II/III	-1		POLICE CORPORAL	-1
	OFFICE ASSISTANT I/II	-1		POLICE SERGEANT	1
	DEVELOPMENT SERVICES TECH	-1		POLICE SERGEANT - DETECTIVE	-1
	P/T INTERN	-0.5			
<b>DSD / Code Enforcement</b>			<b>DSD / Planning</b>		
	CODE ENFORCEMENT OFFICER I/II	-1		ASSOCIATE PLANNER - LIMITED TERM	-1
				RECORDS CLERK - LIMITED TERM	1

# Fiscal Year 2024/25 Proposed Budget Update

## Citywide Overview- Revenue & Expenditures

CITYWIDE				
	FY 2024/25 Adopted Budget	Proposed Adjustments	% Change	FY 2024/25 Proposed Amended Budget
<b>Revenues</b>				
Taxes-Sales Tax	\$ 60,219,800	\$ (4,551,733)	-8%	\$ 55,668,067
Taxes-Property	29,616,316	1,066,267	4%	30,682,583
Charges for Services	24,759,803	(614,650)	-2%	24,145,153
Other Misc Revenue	15,863,101	3,242,798	20%	19,105,899
Special Assessments	11,786,341	75,913	1%	11,862,254
Taxes-VLF/Property Tax Comp	10,027,400	200,548	2%	10,227,948
Tax-Special Tax	9,387,543	-	0%	9,387,543
Taxes-Franchises	4,710,000	-	0%	4,710,000
Taxes-Other	3,386,600	(383,220)	-11%	3,003,380
Taxes-Transient Occupancy Tax	5,546,000	(2,966,000)	-53%	2,580,000
License/Permit Fees	2,010,575	(176,000)	-9%	1,834,575
Taxes-Business Licenses	1,065,400	-	0%	1,065,400
Taxes-Property Transfer	800,000	(250,000)	-31%	550,000
Loan/Bond/Lease Proceeds	-	-	0%	-
<b>Total Revenue</b>	<b>\$ 179,178,879</b>	<b>\$ (4,356,077)</b>	<b>-2%</b>	<b>\$ 174,822,802</b>
<b>Expenditures</b>				
Personnel Costs	\$ 92,809,414	\$ 8,900,957	10%	\$ 101,710,371
Operations & Maintenance	60,841,372	(2,926,176)	-5%	57,915,196
Capital Outlay	2,224,391	(437,400)	-20%	1,786,991
Allocations	11,522,578	-	0%	11,522,578
<b>Total Expenditures</b>	<b>\$ 167,397,756</b>	<b>\$ 5,537,381</b>	<b>3%</b>	<b>\$ 172,935,137</b>
<b>Contribution to/(Use of) Fund Balance</b>	<b>\$ 11,781,124</b>	<b>\$ (9,893,458)</b>		<b>\$ 1,887,665</b>



# Operating Reserves

# Fiscal Year 2024/25 Proposed Budget Update

## Estimated Fund Balance

Fund	Fiscal Year 2024/25						Est. End. Unassigned Fund Bal., 6/30/25
	Est. Beg. Unassigned Fund Bal., 7/1/24	Proposed Amended Revenues	Proposed Amended Expenditures	Capital Outlay	Use of Reserves	Transfer to Reserves	
General Fund	15,528,110	69,442,613	(76,889,622)	(2,044,966)	-	(833,670)	5,202,465
Measure T	1,610,006	29,077,993	(28,211,157)	217,249	-	(626,487)	2,067,604
Fire District Fund	(164,434)	25,566,996	(26,431,729)	2,291	-	-	(1,026,876)
CSD Fund	150,484	5,468,394	(5,804,436)	-	-	-	(185,557)
Library Fund	125,407	3,496,480	(3,577,693)	-	-	-	44,195
<b>Total</b>	<b>17,249,573</b>	<b>133,052,477</b>	<b>(140,914,636)</b>	<b>(1,825,426)</b>	<b>-</b>	<b>(1,460,157)</b>	<b>6,101,830</b>



# Operating & Sustainability Reserves

## Sustainability Reserves Fiscal Year 2024/25

	Estimated Beginning Fund Balance	Contribution to Reserves General Fund	Contribution to Reserves Measure T Fund	Estimated Ending Fund Balance
General Fund Operating Reserves - 28%	\$ 20,416,330	\$ 833,670	\$ -	\$ 21,250,000
Measure T Operating Reserves - 31%	\$ 4,932,808	-	342,976	\$ 5,275,784
Fire District Operating Reserves - (FD)	\$ 3,787,453	-	-	\$ 3,787,453
Fire District Operating Reserves - (MT)	\$ 3,427,136	-	210,435	\$ 3,637,571
CSD Operating Reserves - (CSD)	\$ 1,039,015	-	-	\$ 1,039,015
CSD Operating Reserves - (MT)	\$ 541,751	-	50,273	\$ 592,024
Library District Operating Reserves - (LF)	\$ 747,833	-	-	\$ 747,833
Library District Operating Reserves - (MT)	\$ 246,152	-	22,803	\$ 268,955
<b>Total Operating Reserves</b>	<b>35,138,477</b>	<b>833,670</b>	<b>626,487</b>	<b>36,598,634</b>

# Operating & Sustainability Reserves

## Sustainability Reserves Fiscal Year 2024/25

	Estimated Beginning Fund Balance	Contribution to Reserves General Fund	Contribution to Reserves Measure T Fund	Estimated Ending Fund Balance
Economic Contingency (110)	4,555,716	-	-	4,555,716
Economic Contingency (111)	3,827,168	-	-	3,827,168
Fleet Replacement (111)	1,453,000	-	-	1,453,000
Fleet Replacement (110)	2,000,000	-	-	2,000,000
Fire Fleet Replacement (111)	3,815,443	-	-	3,815,443
Fleet Replacement (715)	1,015,909	-	-	1,015,909
<b>Total Fleet Replacement</b>	<b>8,284,352</b>	<b>-</b>	<b>-</b>	<b>8,284,352</b>

# Operating & Sustainability Reserves

Sustainability Reserves Fiscal Year 2024/25				
	Estimated Beginning Fund Balance	Contribution to Reserves General Fund	Contribution to Reserves Measure T Fund	Estimated Ending Fund Balance
Information Services (726)	282,000	-	-	282,000
<b>Total Information Services</b>	<b>282,000</b>	<b>-</b>	<b>-</b>	<b>282,000</b>
Facility Repair (111)	1,367,000	-	-	1,367,000
CSD Facility Repair (111)	5,605,850	-	-	5,605,850
CSD Facility Repair (110)	2,000,000	-	-	2,000,000
Fire Facility Repair (111)	935,000	-	-	935,000
Fire Facility Repair (110)	1,000,000	-	-	1,000,000
Information Technology (110)	1,000,000	-	-	1,000,000
Pension 115 Trust (PARS) (111)	5,000,000	-	-	5,000,000
Pension 115 Trust (PARS) (110)	2,000,000	-	-	2,000,000
OPEB 115 Trust (CERBT) [111]	1,000,000	-	-	1,000,000
OPEB 115 Trust (CERBT) [110+111]	1,000,000	-	-	1,000,000
Continuing Operations (110)	2,000,000	-	-	2,000,000
Continuing Operations (111)	4,025,000	-	-	4,025,000
<b>Totals</b>	<b>\$ 79,020,563</b>	<b>\$ 833,670</b>	<b>\$ 626,487</b>	<b>\$ 80,480,720</b>

# Fiscal Year 2024/25 Proposed Budget Update

## Future Finance Updates

- FY 2024/25 First Quarter Budget Update (November 2024)
- FY 2023/24 Year-End (4th Quarter) Budget Update (November 2024)
- FY 2024/25 Mid-Year Budget Update (February 2025)
  - Primary Objectives
    - Refinement of major revenue sources
    - Implement salary savings rate
    - Update the Schedule of Authorized Positions





# Fiscal Year 2024/25 Proposed Budget Update

## Recommended Actions

- Accept and File the report;
- Amend the Fiscal Year 2024/25 Operating Budget as defined in the Fiscal Year 2024/25 Proposed Budget Amendments;
- Approve the Updated Schedule of Authorized Positions List.

