



City of Riverside Administrative Manual

Effective Date: 11/2013
Last Review Date: 02/2023
Latest Revision Date: 02/2023
Next Review Date: 01/2026
Policy Owner(s): Finance Department

Approved:

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Mike Futrell (Feb 14, 2023 08:49 PST)

Department

City Manager

SUBJECT:

Development of the City’s Budget, Five-Year Financial Plans, and Capital Improvement Program

PURPOSE:

To establish guidelines and set forth general procedures for the preparation of the City’s Budget, Five-Year Financial Plans, and Capital Improvement Program in accordance with City Charter requirements and in compliance with adopted fiscal policies.

POLICY:

The Adopted Budget provides a forecasting of resources and a legal basis for expenditure control over municipal operations and capital investment throughout the fiscal year. Five-Year Financial Plans provide a long-term forecasting of revenues and expenditures that serve as a basis for prudent and informed financial decisions regarding economic development, City policies with resulting financial impacts, and negotiation of multi-year Memorandums of Understanding (MOUs) with the City’s employee groups. The Capital Improvement Program (CIP) serves as a capital budget at the capital project level and a long-term financial planning tool for infrastructure and other capital investment.

Fiscal policies adopted by the City Council that govern the development of the City’s Budget, Five-Year Financial Plans, and CIP include:

- Balanced Budget
- Long-Term Financial Planning
- Multi-Year Capital Planning
- Pension Funding Policy
- Prioritization of Capital Improvement Projects

The budget development process provides department heads with an opportunity to justify departmental work programs; propose changes in services; recommend revisions in organizational structure and work methods; and enables the City Manager to review these aspects and make appropriate recommendations to the City Council. It is designed to be a transparent and participatory process, encouraging community involvement and fiscal transparency through Budget Engagement Commission meetings, City Council meetings, and other public outreach efforts.

The City Budget incorporates long-term financial planning that allows City leadership to consider current budget requests in the context of a long-term financial outlook. In the event of a biennial budget, the second year of the biennial budget is reviewed and amended as recommended by the City Manager and resubmitted to City Council for adoption. Riverside City Charter Section 1101 requires the City Manager provide to City Council a written proposed Budget thirty-five days prior to the beginning of the fiscal year.

Presentation of the proposed Budget and Five-Year Financial Plans to the City Council provides City staff an opportunity to explain municipal programs and organizational structures. It also provides the Council the opportunity to judge the adequacy of the proposed operating programs, determine basic organizational and personnel staffing patterns, and establish the level of municipal services to be rendered within projected available resources. Section 1103 of the Riverside City Charter directs the City Council to consider the proposed Budget, make revisions that it deems necessary, and adopt the Budget on or before the day preceding the start of the fiscal year.

In order to accomplish these objectives, the Budget must combine an explanation of anticipated financial resources for the upcoming fiscal year(s) with the proposed expenditures, supported by information on the proposed programs and activities sufficient to assess the appropriateness of the recommended levels of services. The Budget must also identify changes in full-time equivalents (FTE) for proposed personnel budgets and incorporate operating impacts for planned capital projects as outlined in the CIP.

The CIP document shall bring together sufficiently detailed information to assess the future capital improvement needs of the community in the context of anticipated resources for both the construction and operation of these facilities. Its preparation permits the planning of capital improvements for various municipal operations for a five-year period; the continuing evaluation and implementation of the requirements of appropriate long range master plans and special studies; and the improvement of timing and coordination of interrelated capital projects among various public and private agencies. Riverside Municipal Code Section 19.050.030 requires the Planning Commission review the capital improvement program for consistency with the City's General Plan pursuant to Government Code Sections 65401 et. seq.

PROCEDURE:

Preparation of departmental budgets will be supervised by the designated analysts in the Budget Office of the Finance Department under the guidance of the Budget and Revenue Manager. Budget submissions will be prepared in accordance with instructions and a budget development calendar issued by the Budget Office.

Each department is responsible for:

- designating a Budget Coordinator who will be responsible for the accuracy and completeness of all departmental budget submissions, CIP submissions, Five-Year Financial Plans, and budgeted FTEs;
- preparing long-term financial plans for funds under its jurisdiction;
- preparing program budgets with line-item detail for the revenues and operations under its control;
- requesting staffing adjustments by FTE with adherence to policies governing the addition and reclassification of FTEs;
- ensuring that budget requests adhere to General Fund or other budget targets communicated to the department by the Budget Office;
- preparing CIP requests for projects under its jurisdiction, identifying funding sources, and estimating the operating impact of proposed capital projects; and
- submitting department budget and CIP requests to its respective advisory board(s) and/or commission(s) and making recommendations and soliciting feedback pertaining to such requests.

Each department shall submit its proposed Budget and CIP, Five-Year Financial Plans, and budgeted FTEs to the Budget Office for feedback and direction for final adjustments to their proposed budgets.

The table below outlines the general calendar and assigned responsibilities for development of the City's Budget, Five-Year Financial Plans, and CIP.

October	<ul style="list-style-type: none"> • Budget Office develops two-year baseline salary and benefit budgets based on: <ul style="list-style-type: none"> ○ current staffing levels (FTEs); ○ Memorandums of Understanding in effect for the budget period; and ○ Master Fringe Benefits and Salary Plan in effect for the budget period.
November	<ul style="list-style-type: none"> • Budget Office develops and presents the baseline budget for the General Fund to the City Manager for review and budget direction. • City Manager defines budget goals and provides guidance on the development of budget instructions and the establishment departmental budget targets, if applicable. • Budget Office provides budget development instructions, budget development calendar, salary and benefit baseline budgets, and budget targets (if applicable) to departments.
December-January	<ul style="list-style-type: none"> • Department preparation and submission of departmental budget, five-year financial plan(s), and CIP plan. • Department submission of adjustments to baseline budgeted FTEs and required reclassification or other documents required by City Human Resource policies.
February	<ul style="list-style-type: none"> • Budget Office staff reviews and recommends adjustments to department submissions, ensuring alignment with budget goals and instructions set forth by the City Manager. • City Manager reviews departmental budget submissions and directs budget adjustments to arrive at preliminary departmental budgets.
March	<ul style="list-style-type: none"> • Presentations of the preliminary Budget, Five-Year Financial Plans, and CIP to the Budget Engagement Commission.
April	<ul style="list-style-type: none"> • Planning Commission reviews the proposed CIP budget for consistency with the City's General Plan. • Budget Office compiles the proposed budget and CIP documents.
May	<ul style="list-style-type: none"> • City Manager and Chief Financial Officer, or designee(s), present the proposed Budget, Five-Year Financial Plans, and CIP to the Budget Engagement Commission. • City Manager and Chief Financial Officer, or designee(s), present the proposed Budget, Five-Year Financial Plans, and CIP to the City Council. • Budget Office presents the Schedule of Fees & Charges to the City Council, if there are any changes requiring a public hearing and resolution for adoption.

June	<ul style="list-style-type: none"> • Budget Office presents the Appropriations Limit to the City Council. • City Council adopts the Appropriations Limit resolution. • Budget Office incorporates City Council revisions to the proposed Budget and CIP and submits the revised proposed Budget and CIP to City Council for adoption. • City Council conducts a public hearing for the proposed budget. • City Council adopts the final Budget and CIP resolutions. • City Council conducts a public hearing for the Schedule of Fees & Charges, if necessary. • City Council adopts the Schedule of Fees & Charges with a resolution, if applicable.
July	<ul style="list-style-type: none"> • Budget Office publishes the adopted Budget, CIP, and budgeted FTEs to the publicly accessible Budget Transparency Portal.
July – August	<ul style="list-style-type: none"> • Budget Office assembles the final Budget and CIP documents. • Budget Office publishes an electronic copy of the final Budget and CIP on the City’s website. • Budget Office submits the final electronic Budget document to the County of Riverside.
September	<ul style="list-style-type: none"> • Budget Offices prints the final Budget and CIP documents, and distributes copies to the City Council and Mayor, City Manager, City Clerk, and each City Library Branch, and retains a hardcopy for permanent record. • Budget Office submits the final Budget and CIP documents for professional organization awards.

Mid-Cycle Budget Review

With respect to the annual budget, the quarterly financial report issued after December will serve as a mid-cycle budget review and update of the Adopted Budget for the current fiscal year. With the adoption of a biennial budget, the mid-cycle review will refer to the review and update of the second year of the Adopted Biennial Budget. The table below outlines the general calendar and assigned responsibilities for mid-cycle budget review and update of an adopted Biennial Budget, Five-Year Financial Plans, and CIP.

December-January	<ul style="list-style-type: none"> • Budget Office review of the second year of the adopted budget in context of current fiscal performance, updated revenue and expenditure projections, and other events impactful to the adopted budget.
February	<ul style="list-style-type: none"> • Departments review the second year of the adopted budget and adjustments recommended by the Budget Office and recommend adjustments as necessary to accurately reflect ongoing impacts of prior actions and to accommodate changes in operating conditions.
March	<ul style="list-style-type: none"> • City Manager reviews, amends, and approves the proposed amended budget.
April	<ul style="list-style-type: none"> • Planning Commission reviews the updated CIP budget for consistency with the City’s General Plan, if applicable. • Budget Office compiles the proposed amended budget and CIP documents.

May	<ul style="list-style-type: none">• City Manager and Chief Financial Officer, or designee(s), present the proposed amended Budget and CIP to the Budget Engagement Commission.• The City Manager and Chief Financial Officer, or designee(s), present the proposed Budget and CIP to the City Council.• The Budget Office presents the Schedule of Fees & Charges to the City Council, if there are any changes requiring a public hearing and resolution for adoption.
June	<ul style="list-style-type: none">• Budget Office presents the Appropriations Limit to the City Council.• City Council adopts the Appropriations Limit resolution.• Budget Office incorporates City Council revisions to the proposed amended Budget and CIP and submits the revised proposed amended Budget and CIP to City Council for adoption.• City Council conducts a public hearing for the proposed amended budget.• City Council adopts the final amended Budget and CIP resolutions.• City Council conducts a public hearing for the Schedule of Fees & Charges, if necessary.• City Council adopts the Schedule of Fees & Charges with a resolution, if applicable.
July	<ul style="list-style-type: none">• Budget Office publishes the amended Budget, CIP, and budgeted FTEs to the publicly-accessible Budget Transparency Portal.

SOURCE OF AUTHORITY: City of Riverside Charter Sections 601, 1100-1104, and 1111.