

**SUBMITTAL TO THE BOARD OF SUPERVISORS  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



**ITEM: 3.3**  
**(ID # 27803)**

**MEETING DATE:**  
Tuesday, May 20, 2025

**FROM :** EXECUTIVE OFFICE

**SUBJECT:** EXECUTIVE OFFICE: Receive and File the Fiscal Year 2024/25 Third Quarter Budget Report; Approval of the recommendations and associated budget adjustments, All Districts. \$42,362,074 - 27% General Fund, 73% Department budgets] (4/5 Vote Required)

**RECOMMENDED MOTION:** That the Board of Supervisors:

1. Receive and file the Fiscal Year 2024/25 Third Quarter Budget Report; and
2. Approve the recommendations and direct the Auditor-Controller to make the budget adjustments contained in Attachment A.

**ACTION: 4/5 Vote Required, Policy**


  
Jeff Van Wagenen, County Executive Officer 5/14/2025

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**MINUTES OF THE BOARD OF SUPERVISORS**

On motion of Supervisor Medina, seconded by Supervisor Perez and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Medina, Spiegel, Washington, Perez and Gutierrez  
Nays: None  
Absent: None  
Date: May 20, 2025  
xc: EO

Kimberly A. Rector  
Clerk of the Board  
By:   
Deputy

**SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,  
STATE OF CALIFORNIA**

<b>FINANCIAL DATA</b>	<b>Current Fiscal Year:</b>	<b>Next Fiscal Year:</b>	<b>Total Cost:</b>	<b>Ongoing Cost</b>
<b>COST</b>	\$42,362,074	\$0	\$42,362,074	\$0
<b>NET COUNTY COST</b>	\$11,362,390	\$0	\$11,362,390	\$0
<b>SOURCE OF FUNDS:</b> 27% General Fund, 73% Department Budgets			<b>Budget Adjustment:</b> Yes	
			<b>For Fiscal Year:</b> 2024/25	

**C.E.O. RECOMMENDATION:** Approve

**BACKGROUND:**

The Third Quarter Budget Report provides an overview of the County's financial performance for Fiscal Year 2024/25. This report outlines key revenue trends and highlights emerging fiscal pressures that will shape our financial strategy moving forward.

As of Third Quarter, General Fund discretionary revenue continues to perform well and is projected to increase by \$61 million, representing a 5% rise over the adjusted budget. This growth is primarily attributed to a net increase of \$18.7 million in Property Tax revenue, a \$5 million increase from RDA residual assets, and a projected \$38.4 million increase in Interest Earnings. It is important to acknowledge that the spike in interest earnings is likely transitory and should not be relied upon for long-term planning.

Despite discretionary revenue showing signs of steady growth, not all revenue categories are meeting expectations. Prop 172 Public Safety Sales Tax revenue is now projected to fall short of the adjusted budget by \$9.3 million. While this shortfall reflects broader economic uncertainty and could impact public safety funding levels if trends persist, moderate growth levels are expected in FY 2025/26.

Beyond revenue, the County is contending with a range of structural and operational pressures. Rising labor costs, unpredictable state and federal funding, increased demand for essential services, and deferred investment in aging infrastructure are placing significant strain on available financial resources. These and other factors are contributing to a more complex budget environment. Many of these challenges and strategies will be addressed as part of the Fiscal Year 2025/26 Recommended Budget.

In conclusion, while current year discretionary revenues offer some short-term relief, future rate of growth is expected to flatten. Fiscal prudence will be essential as we work to manage these pressures, sustain essential services, and align limited resources with strategic priorities. The path forward will require balanced decision-making, operational discipline, and a continued focus on long-term financial stability.

**Impact on Residents and Businesses**

The recommended budget adjustments will allow County departments to continue to meet the needs of our community.

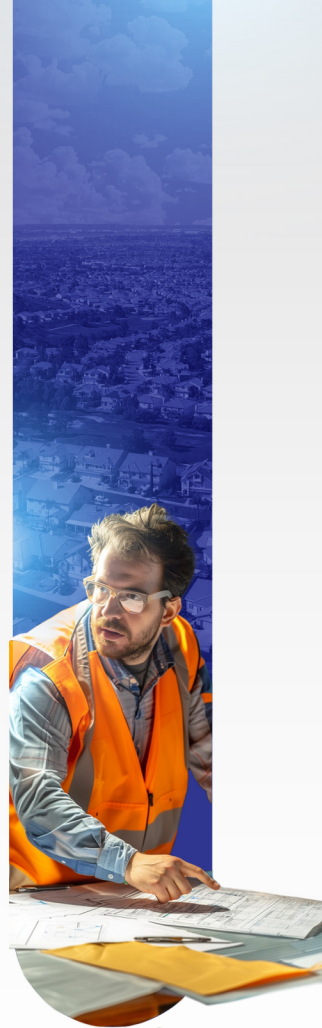
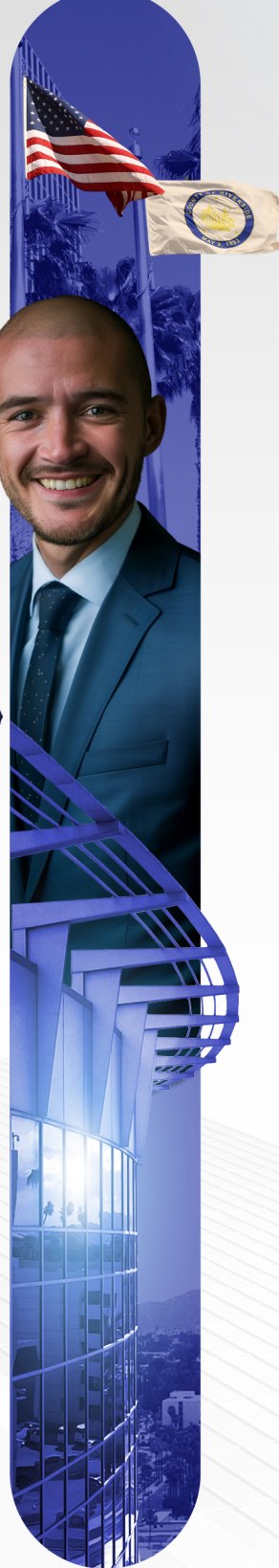
SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,  
STATE OF CALIFORNIA

ATTACHMENTS:

- FY 2024/25 Third Quarter Budget Report

  
Brett Austin, Supervising Accountant 5/14/2025





COUNTY OF RIVERSIDE  
STATE OF CALIFORNIA

# FISCAL YEAR 2024/25

## THIRD QUARTER BUDGET REPORT

PREPARED BY THE EXECUTIVE OFFICE



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## BUDGET OUTLOOK

### Discretionary Revenue Projections

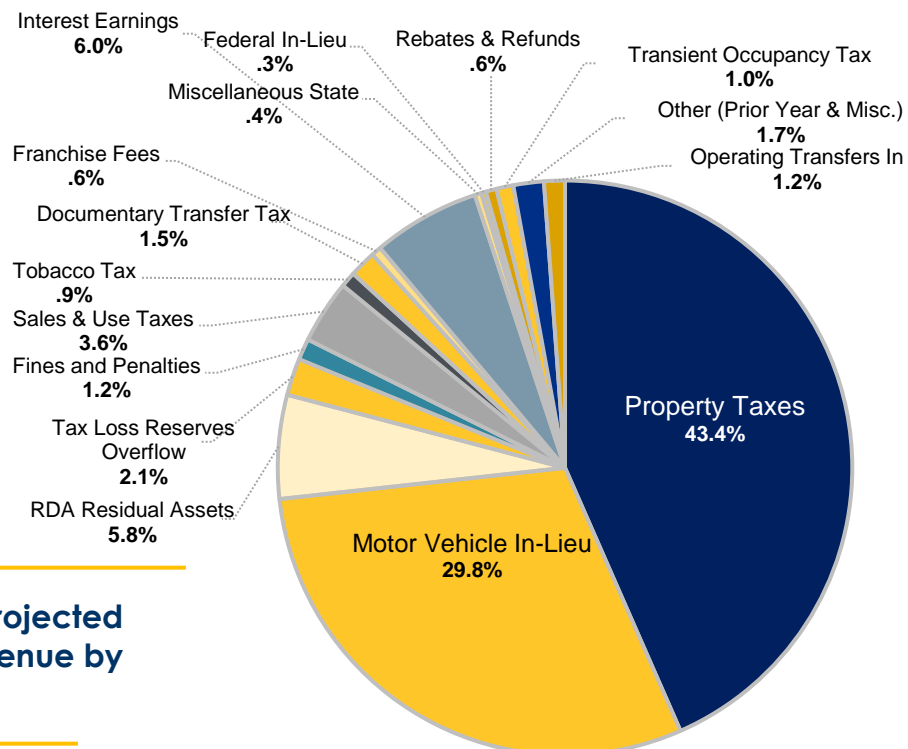
#### Revenue Available for General Purpose Spending (Projected)

In Millions

	FY2024/25 Adjusted Budget	Third Quarter Estimate	Change From Adjusted Budget	% Change
Property Taxes	\$556.0	\$574.7	\$18.7	3%
Motor Vehicle In-Lieu	392.0	395.0	3.0	1%
RDA Residual Assets	72.2	77.2	5.0	7%
Tax Loss Reserve Overflow	27.5	27.5	0.0	0%
Fines and Penalties	14.0	15.8	1.7	12%
Sales & Use Taxes	48.6	47.3	(1.3)	- 3%
Tobacco Tax	11.5	11.5	0.0	0%
Documentary Transfer Tax	16.6	19.9	3.3	20%
Franchise Fees	7.4	7.4	0.0	0%
Interest Earnings	41.6	80.0	38.4	92%
Miscellaneous State	4.8	5.0	0.2	4%
Federal In-Lieu	3.5	3.5	0.0	0%
Rebates & Refunds	8.1	8.0	(0.1)	-2%
Transient Occupancy Tax	13.6	12.6	(1.0)	-8%
Other (Prior Year & Misc.)	17.2	22.7	5.5	32%
Operating Transfers In	27.9	15.5	(12.4)	-44%
	<b>\$1,262.7</b>	<b>\$1,323.7</b>	<b>\$61.0</b>	<b>5%</b>

General purpose revenue, or discretionary revenue, is unrestricted funds that counties receive from various sources, such as property taxes, sales and use taxes, motor vehicle in-lieu, interest earnings, and other revenue streams. Discretionary revenue is used to fund a wide range of government functions and services, including mandates and other services not covered by state and federal grants or service charges. As of third quarter, total Projected Discretionary Revenue estimates are up **\$61.0** million from adjusted budget projections.

#### Percent of Total Projected Discretionary Revenue by Source





## Prop 172 Revenue

### Revenue Available for Public Safety Functions (Projected)

In Millions

	FY 2024/25 Adjusted Budget	Third Quarter Estimate	Variance
Prop. 172 Public Safety Sales Tax	\$302.6	\$293.3	(\$9.3)

Prop 172 was enacted by California voters in November 1993 to establish a permanent statewide half-cent sales tax for support of local public safety functions. Currently, Prop 172 revenue is projected **\$9.3** million lower than adjusted budget. Revenue is expected to hold at projected levels with nominal growth estimated in FY 2025/26.

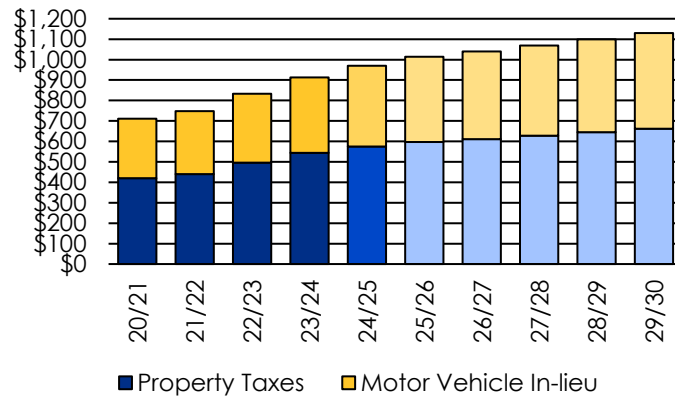
## Projected Year-End Financial Positions

Projected Financial Position General Fund 10000 (In Millions) As of FY 2024/25		
	FY 2024/25 Adjusted Budget	FY 2024/25 Third Quarter
Beginning Fund Balance	\$ 698	\$ 762
Plus: Projected Discretionary Revenue	1,263	1,324
Less: Net County Cost (NCC)	1,240	1,268
Net Savings/Deficit From Operation	23	56
Use of Unassigned Fund Balance	-	(90)
Ending Reserves/Unassigned Fund Balance	\$ 720	\$ 728
<b>Board Required Reserves Limit (25% of Discretionary Revenue)</b>	<b>\$ 316</b>	<b>\$ 331</b>
<b>GFOA – 2 months of General Fund Operating Expenditures</b>	<b>\$ 775</b>	<b>\$ 775</b>

## Property Taxes

Property tax revenue and motor vehicle revenue (received in lieu of property taxes) were both budgeted based on a 6% growth in assessed values. Property tax revenue increased by \$18.7 million, while motor vehicle in-lieu revenue increased by \$3.0 million when compared with the adjusted.

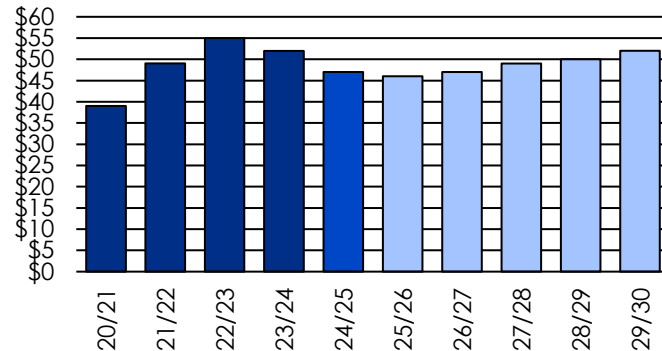
Property Taxes & Motor Vehicle In-lieu (In Millions)



## Sales and Use Taxes

This report reflects a projected decrease of \$1.3 million in county sales and use tax revenues compared to the adjusted budget. Overall, most sales and use tax categories are performing slightly below levels recorded in the prior year. According to data provided by HdL Companies, sales tax revenues are projected to decline further in FY 2024/25 and in FY 2025/26, making a second consecutive year of statewide revenue decreases. A modest recovery is projected to begin in FY 2026/27, with gradual growth expected thereafter.

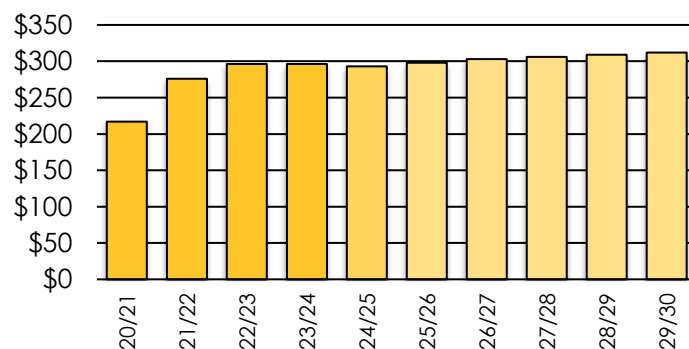
Sales & Use Tax Revenue



## Prop. 172 Public Safety Sales Tax

The county's Prop. 72 public safety sales tax revenue is affected by both the overall statewide pool of revenue and the county's pro rata share relative to other participants. As of this report, HdL Companies is projecting FY 2024/25 revenue to be \$293.3 million, representing a decrease of \$9.3 million from the adjusted budget. This reflects a 1% decline compared to FY 2023/24. Looking ahead, statewide

Prop 172 Revenue Trend

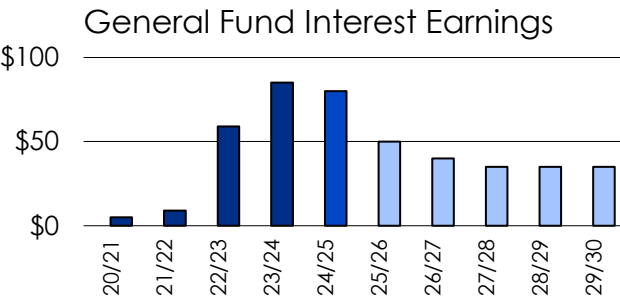


public safety revenues are expecting a moderate growth rate of 1.7% according to the most recent pro-rata factors published by the State Controller's Office (SCO) in fall 2024.



Interest Earnings

The County General Fund (GF) interest earnings projection is \$80 million for FY 2024/25. This projection reflects anticipated GF balances held in the Treasurer-Tax Collector's Pooled Investment Fund (TPIF), along with current and projected levels of interest rates. The increase in the projected earnings is primarily due to the Federal Open Market Committee's (FOMC) slower pace of Federal (FED) funds rate cuts. The estimate also incorporates actual earnings results for the first three quarters of the fiscal year.

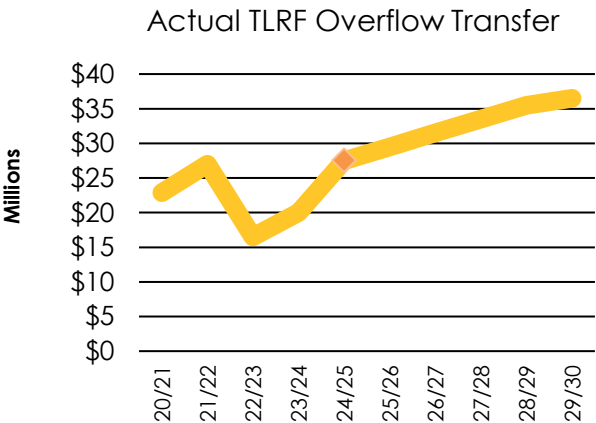


The TPIF earnings rate is directly impacted by changes to the FED funds rate. Between July 31, 2024, and March 19, 2025, the FOMC decreased the FED funds rate by 1.00 percentage points, with three sequential cuts, one 0.50 percentage point cut followed by two 0.25 percentage point cuts. The FOMC did not change rates on January 29, 2025, or on March 19, 2025. The next scheduled FOMC meeting is set for May 7, 2025.

Interest earnings will remain sensitive to significant changes in General Fund balances and any unexpected shifts in interest rates. While rates may still decline, the interest rate outlook has improved relative to prior projections for the remainder of FY 2024/25. Additionally, the maturity composition of the TPIF will influence how quickly new rate changes impact earnings. The Treasurer-Tax Collector will continue to monitor investment performance and will notify budget staff of any material changes to projections.

Teeter Tax Losses Reserve Fund (TLRF) Overflow

The Teeter Plan is a tax distribution mechanism under which secured roll property tax revenues are distributed to participating taxing agencies based on the total tax levy, rather than actual tax collections. In exchange, the county retains all actual tax collected, including penalties and interest on delinquent accounts. The TLRF captures revenues and expenditures associated with the program. Revenue exceeding financing costs and the necessary tax loss reserve is discretionary revenue released to the general fund annually. The annual release is in accordance with the California Revenue and Taxation Code, and consistent with prudent risk management practices. For FY 2024/25, TLRF revenue remains unchanged at \$27.5 million.



### ***Long-Range Budget Schedule\****

Following are key dates, which remain subject to change as necessary and appropriate:

- **May 30, 2025** – Recommended Budget Must be Available for Public.
- **June 9, 2025** – Presentation of the FY 2025/26 Recommended Budget and Opening of Budget Hearings.
- **June 10, 2025 (as necessary)** – Presentation of the FY 2025/26 Recommended Budget and Continuation of Budget Hearings.
- **June 24, 2025** – Approval of FY 2025/26 Adopted Budget
- **June 30, 2025** – Statutory Deadline for Approval of FY 2025/26 Budget

\*These dates have been coordinated to work with the Board's approved 2025 meeting calendar



## **CURRENT BUDGET STATUS**

### **APPROPRIATIONS FOR CONTINGENCY**

Contingency covers urgent, unforeseeable events such as revenue shortfalls, unanticipated expenditures, uncorrectable budget overruns and mission-critical issues at the Board's discretion. The adopted budget appropriated \$5 million for contingency. During first quarter adjustments, the Board authorized a replenishment of \$15 million. The total net reduction for the year is \$9.2 million, which takes the contingency level to \$14.2 million, as summarized in the table below.

Use of General Fund Appropriations for Contingency					
		Cost Adjustment	Replenish- ment	Total Adjustment	Balance Available
Adopted Budget Balance:					\$5,000,000
Adjustments to date:					
7/30/24 Item 3.6	EO – Gray case legal costs.	100,000	-	(100,000)	
8/27/24 Item 3.15	OED – 2024 State of the County event.	75,000	-	(75,000)	
9/17/24 Item 3.43	Animal Services – Professional Services for Strategic Plan.	783,150	-	(783,150)	
10/29/24 Item 3.7	Planning Department – Additional positions per Ad Hoc Committee.	277,056	-	(277,056)	
10/29/24 Item 3.8	Executive Office – Travel reimbursements for Surviving Families of Riverside County Fallen Peace Officers.	137,635	-	(137,635)	
11/5/24 Item 3.52	Executive Office – Professional Services for Planning Department.	100,000	-	(100,000)	
12/3/24 Q1 Rec. #5	Replenish Contingency.	0	15,000,000	15,000,000	
12/3/24 Item 3.28	Treasurer-Tax Collector – New office space in Temecula.	595,752	-	(595,752)	
1/14/25 Item 3.2	EO – Grant software purchase.	31,830	-	(31,830)	
2/25/25 Item 3.11 Q2	BOS – Increase to UCI.	1,250,000	-	(1,250,000)	
3/11/25 Item 3.22	RCIT – Software for ISD	1,400,000	-	(1,400,000)	
3/11/25 Item 3.22	RivCoONE – Additional staff support	80,000	-	(80,000)	
3/11/25 Item 3.15	Fire Dept. – Cooperative Agreement with City of Riverside.	326,000	-	(326,000)	
4/15/25 Item 3.28	Purchasing – Intelligent Mail Indicia (IMI) compliant mail machines.	165,792	-	(165,792)	
5/6/25 Item 3.7	EO – Court Reporting Transcripts.	525,000	-	(525,000)	
Total Adjustments as of May 6, 2025		\$5,847,215	\$15,000,000	\$9,152,785	\$14,152,785

## SUMMARY OF BUDGET ADJUSTMENT RECOMMENDATIONS

Rec No.	Departments	Adjustment Description	Increase in Estimated Departmental Revenues	Estimated Use of Fund Balance
1	Executive Office - Contribution to Other Funds	Transfer 0.5% GF Discretionary to Deferred Maintenance and CIP.	\$3,061,732	\$6,123,464
2	Executive Office	Cover increased salary & benefit costs and City of Banning tax sharing obligation.	100,000	
3	Executive Office - Health and Juvenile Services	Increased revenues and distributions to Regional Access Project.	431,351	
4	Executive Office - Interest on Trans & Teeter	Increases to cover higher than budgeted interest expenses.	5,082,000	
5	Executive Office - AD/CFD Admin Fund	Increased reimbursement expenses due to rise in labor costs.	10,600	
6	Housing and Workforce Solutions	Increased salary and benefits costs due to changes in allocation.	125,000	
7	Facilities Management - Real Estate Division	Increased revenues and expenditures from monthly lease collections.	6,212,335	
8	Facilities Management - Pass-Thru Fund	Increase in total number of projects managed by FM-Pass-Through Fund.	10,000,000	
9	Facilities Management	Adjustment to consolidate and transfer balance from Lakeland Village Rec Centers to FM-Community and Rec Centers.	95,817	95,817
10	Facilities Management	Adjustment to consolidate and transfer balance from Facilities Management Desert Expo Centers to FM-Community and Rec Centers.	479,037	479,037
11	RCIT	Increased costs due to retirement payouts, software, and Subscription Based Information Technology Arrangements (SBITAs).	530,000	1,587,350
12	Purchasing & Fleet	Correction of fund number for mail machines to meet USPS standards.	165,792	165,792
13	Purchasing & Fleet	Adjustment due to the receipt and utilization of funds from rebates to purchase furniture and equipment.	150,000	
14	District Attorney	Increased funding for cell-site simulator investigative services tool and receipt of state revenue.	555,018	
15	Sheriff	Transfer of budget between Multiple Sheriff Dept IDs – No Impact to Budget.	N/A	
16	Sheriff - Patrol	Reclass revenue account to interfund for DPSS Harmony Haven Law Enforcement Agreement – No Impact to Budget.	N/A	
17	Sheriff - Ben Clark Training Center	Decrease appropriations and estimated revenues for the Ben Clark Training Center.	(337,547)	
18	Sheriff - Coroner	Reimbursement request for March 2025 Capital Improvement Program (CIP) claims.	58,370	
19	Sheriff - Coroner	Transfer of budget within the Sheriff-Coroner to fund contract Forensic Pathologists.	N/A	



## Current Budget Status

Rec No.	Departments	Adjustment Description	Increase in Estimated Departmental Revenues	Estimated Use of Fund Balance
20	Sheriff - Public Administrator	Recognize unbudgeted revenue for commissions on estates and reimbursement of special purchases.	250,000	
21	Department of Animal Services	Funding agreement with Waste Management to support mobile veterinary services and other program needs.	350,000	
22	Department of Animal Services	Increased city billing revenues due to revised billing methodology and purchase of computer equipment.	150,000	
23	Department of Animal Services	Budget transfer within the Department of Animal Services to purchase animal feed, computers and other supplies.	N/A	
24	CFD22-2M Mountain Edge	Increase to reimburse administrative fees to CFD Administration.		2,500
25	CFD23-1M Highgrove Town Center	Increase to reimburse CFD Administration for administrative revenues received in prior year.		1,600
26	CFD23-2M Highgrove	Increase to reimburse CFD Administration for administrative revenues received in prior year.		800
27	CFD23-3M Canterwood	Increase to reimburse CFD Administration for administrative revenues received in prior year.		12,550
28	CSA Administration	Increase to cover labor negotiated salary increases and general office expenses.	365,000	
29	CSA 62 – Ripley Dept Service	Increase to address rising costs of water treatment and operational supplies.	81,000	17,000
30	CSA 85 – Cabazon Lighting	Increase in appropriations to address additional mulching and ground maintenance costs.		8,300
31	CSA 104 – Sky Valley	Increase to reimburse TLMA for road services.		51,500
32	CSA 126 - Highgrove	Appropriation increase to establish budget for capital improvements and equipment.	103,500	
33	CSA 152 - NPDES	Increase to cover salary reimbursements and administration fees.	148,500	
34	Perris Valley Cemetery	Increase in appropriations to cover staff time and project costs due to a one-time expansion project and labor negotiated salary increases.	153,895	118,550
35	Edward Dean Museum	Costs related to bi-annual appraisal of the museum collection.		19,225
36	Flood and Water Conservation District - Admin	Increased costs to salaries and benefits from labor negotiated agreements.		1,200,000
37	Regional Parks and Open Space District	Transfer of budget between Multiple Regional Parks Dept IDs to cover utilities, supplies and services – No Impact to Budget.	N/A	
38	TLMA - Transportation - District 4	Four Transportation Improvement Program (TIP) projects added to budget, including expenses related to two large-scale projects.		1,800,000

## Current Budget Status

Rec No.	Departments	Adjustment Description	Increase in Estimated Departmental Revenues	Estimated Use of Fund Balance
39	TLMA - Transportation - Mira Loma	Limonite Ave. Interchange project lawsuit settlement costs.		600,000
<i>All budget adjustment recommendations are shown in attachment A following the department summaries.</i>				
Additional Assets				
Rec No.	Departments	Request		
13	District Attorney	1 Cell-Site Simulator		

## FINANCE & GOVERNMENT SERVICES

### Executive Office

The FY 2024/25 Adopted Budget included a series of budget practices designed to strengthen the General Fund reserves and to initiate building the deferred maintenance and capital improvement reserves for countywide projects. These practices encompass the allocation of 1% of General Fund discretionary revenue to General Fund reserves, earmarking 0.5% of General Fund discretionary revenue (\$6.1 million) for deferred maintenance and capital improvement projects, and reserving unutilized General Fund Contingency funds for forthcoming countywide capital improvement projects. Based on the current forecast, the FY 2024/25 discretionary revenue projections are expected to surpass the adopted budget. Accordingly, the Executive Office recommends transferring \$6.1 million from the General Fund to the Capital Improvement Fund and the Deferred Maintenance Fund, split equally.

**Recommendation 1:** *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations for General Fund Contributions to Other Funds by \$6,123,464 and increasing appropriations and estimated revenues for the Capital Improvement Program Fund and the Deferred Maintenance Fund by \$3,061,732.*

In FY 2024/25 the Executive Office funded salary and benefit reimbursements for one position. The increased costs of salary and benefits creates the need for increased appropriations to cover the journals to other departments. Additionally, the Executive Office has tax sharing obligations with the City of Banning that are contractually obligated by sales taxes collected in the associated geo-location. In FY 2024/25 the estimated tax sharing obligation has increased and necessitates an adjustment to appropriations. These costs will be paid for by an increase in departmental revenues.

**Recommendation 2:** *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenues for the Executive Office by \$100,000.*

On December 8<sup>th</sup>, 2020, the Board of Supervisors approved Agenda Item 3.44 authorizing the second amended and reinstated agreement with Regional Access Project (RAP) for

the provision of health, mental health, and juvenile services. Per the cooperative agreement between the County of Riverside and the Regional Access Project, a budget adjustment is requested to receive the increased tax increment revenues and distribute those funds to the Regional Access Project.

**Recommendation 3:** *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenues for Health and Juvenile Services by \$431,351.*

On May 21, 2024, the Board of Supervisors approved Agenda Item 3.7 authorizing the issuance of Fiscal Year 2024/25 Tax and Revenue Anticipation Notes (TRANs). The amount of TRANs issued was higher than originally planned, therefore, interest debt service was higher than budgeted. A budget adjustment is needed to increase appropriations and estimated revenue by \$5,082,000.

**Recommendation 4:** *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenues for the Interest on Trans & Teeter by \$5,082,000.*

Various Assessment District/Community Facilities Districts (AD/CFDs) in the county have issued special assessment bonds to provide financing or improvements benefiting certain property owners. AD/CFDs are payable solely from revenues derived from certain special annual taxes to be levied on and collected from the owners of parcels within respective districts. Due to labor cost increases and updated allocations, reimbursement expense is higher than budgeted. A budget adjustment is needed to increase appropriations and estimated revenues by \$10,600.

**Recommendation 5:** *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenues for the CFD Assessment District Admin Fund by \$10,600.*

## HUMAN SERVICES

### Housing and Workforce Solutions (HWS)

Housing and Workforce Solutions is requesting a total budget adjustment of \$125,000. The salaries appropriation requires an increase due to a change in payroll accounting methodology between divisions within HWS.

**Recommendation 6:** *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenues for the Housing and Workforce Solutions Department by \$125,000.*

### INTERNAL SERVICES

#### Facilities Management (FM)

The Facilities Management Real Estate Division is projecting to exceed budget appropriations for building leases, tenant improvements, lease improvements, utilities, and lease interest payments. The department anticipates a proportionate amount of revenue to offset the increased costs derived from monthly lease collections from lessees.

**Recommendation 7:** *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenues for the Facilities Management-Real Estate Division by \$6,212,335.*

Facilities Management is requesting a budget adjustment to support an increase in projects processed through its Pass-Thru fund. This fund handles all maintenance, custodial, real estate, and project management services. The department expects to be reimbursed by its customers for the added project costs.

**Recommendation 8:** *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenues for the Facilities Management Pass-Thru Fund by \$10,000,000.*

Facilities Management is requesting a budget adjustment to consolidate two Department IDs: FM-Lakeland Village Recreational Centers (7201200000) and FM-Community and Recreational Centers (7201300000). The primary objective of this adjustment is to combine the operations and resources of these departments for improved efficiency and streamlined management. As part of the consolidation process, Facilities Management intends to inactivate and transfer the remaining balance in Lakeland Village Recreational Centers Department to FM-Community and Recreational Centers.

**Recommendation 9:** *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations for the Facilities Management Lakeland Village Recreational Centers and estimated revenues for the FM-Community and Recreational Centers by \$95,817.*

Facilities Management is requesting a budget adjustment to consolidate two Department IDs: FM-Desert Expo (7201400000) and FM-Community and Recreational Centers (7201300000). The primary objective of this adjustment is to combine the operations and resources of these departments for improved efficiency and streamlined management. As part of the consolidation process, Facilities Management intends to inactivate and transfer the remaining balance in Desert Expo Center Department to FM-Community and Recreational Centers.

**Recommendation 10:** *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations for the Facilities Management Desert Expo Center and estimated revenues for the FM-Community and Recreational Centers by \$479,037.*



### **Information Technology (IT)**

Information Technology anticipates exceeding appropriations due to retirement payouts, software increases, and reclassing Subscription-Based Information Technology Arrangements (SBITAs) from the Pass-Thru budget to the Operations budget.

**Recommendation 11:** *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations by \$2,117,350 and estimated revenues by \$530,000 for the ISF-Information Technology Fund.*

### **Purchasing and Fleet Services**

On April 15, 2025, the Board of Supervisors approved Agenda Item 3.28 authorizing the purchase of mail machines utilizing \$165,792 in contingency funding. This adjustment will facilitate the reallocation of the contingency funding from the General Fund to the ISF – Central Mail Services Fund to complete the acquisition of the required mail equipment for the department to ensure compliance with USPS standards. This adjustment will align the Board-approved purchase with the appropriate fund and account.

**Recommendation 12:** *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments 1) increasing appropriations for General Fund Contributions to Other Funds by \$165,792 and 2) increasing appropriations and estimated revenues for the ISF-Central Mail Services Fund by \$165,792.*

Purchasing is requesting a budget adjustment of \$150,000 to increase estimated revenues and appropriations to account for the receipt and utilization of funds from additional contractual agency rebates. The rebates will enable the purchase of equipment and will provide necessary resources to accommodate all purchasing staff.

**Recommendation 13:** *That the Board approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenues for Purchasing by \$150,000.*

## **PUBLIC SAFETY**

### **District Attorney (DA)**

The District Attorney is requesting a budget adjustment to increase the use of State Asset Forfeiture funds to pay for a cell-site simulator. This is a tool used by law enforcement to locate a specific cellphone or identify unknown devices in a certain area by picking up limited signal data, additionally this helps investigators track or identify devices during criminal investigations. Additionally, unbudgeted state revenue was also received, requiring the requested adjustment.

**Recommendation 14:** *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments, increasing appropriations and estimated revenues for the District Attorney by \$555,018 and 2) approve and authorize the purchase of one cell-site simulator.*

## Current Budget Status

### **Sheriff**

The Riverside County Sheriff's office is requesting budget adjustments to move appropriations between budget units. These budget adjustments are submitted for Board approval to ensure a balanced budget within the budgetary units before the close of the fiscal year. This request will not impact the department's net county cost.

**Recommendation 15:** *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments for Sheriff's Department by \$5,212,000.*

The Riverside County Sheriff's Patrol Division is requesting a budget adjustment in the amount of \$563,897 for the Department of Public Social Services (DPSS) Harmony Haven Law Enforcement Services Agreement. The revenue budget was posted to a standard revenue account, however, interdepartmental revenue is necessary.

**Recommendation 16:** *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments for the Sheriff's Department by \$563,897.*

The Riverside County Sheriff's Ben Clark Training Center is requesting a budget adjustment to reduce revenue as well as salaries as they are not expected to be expensed.

**Recommendation 17:** *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments decreasing appropriations and estimated revenues for the Sheriff's Department by \$337,547.*

The Riverside County Sheriff's Coroner Division is requesting a budget adjustment in the amount of \$58,370 for claims from January through May 2025 for Capital Improvement Program (CIP) Fund reimbursement as approved by the Board of Supervisors on April 4, 2023, Agenda Item 3.24. Claims were submitted to the County Executive Office for posted expenses on approved CIP projects for the division as of March 31, 2025.

**Recommendation 18:** *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenues for the Sheriff's Department by \$58,370.*

The Riverside County Sheriff's Coroner Division is requesting a budget adjustment in the amount of \$410,000 to move funding from regular salaries to professional services. This request is to move funding for vacant Forensic Pathologist IV staff positions to contract Forensic Pathologists.

**Recommendation 19:** *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments for the Sheriff's Department by \$410,000.*

The Riverside County Sheriff's Public Administrator Division is requesting a budget adjustment in the amount of \$250,000 to recognize unbudgeted revenue for commissions on estates, reimbursement of special purchases and increase appropriations.

**Recommendation 20:** *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenues for the Sheriff's Department by \$250,000.*

## **PUBLIC WORKS AND COMMUNITY SERVICES**

### **Animal Services**

The Department of Animal Services and Waste Management have agreed to enter into a Memorandum of Understanding (MOU) through which Waste Management will provide funding support for mobile veterinary services and other related program needs. This partnership is intended to expand access to spay and neuter services, ultimately helping to reduce the number of animals entering the sheltering system.

**Recommendation 21:** *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenues for the Department of Animal Services by \$350,000.*

The Riverside County Department of Animal Services is currently operating within the approved budget. However, due to unforeseen expenditures, budget adjustments are necessary. The increase in city billing for animal shelter services is the result of a revised billing methodology that now captures all kennel days an animal is housed, rather than only those within the month of impoundment. Additionally, an investment in non-fixed asset computer equipment is necessary to replace outdated systems at the Riverside Animal Services facility. The current equipment does not meet the specifications required for the countywide upgrade to Windows 11. These upgrades will ensure compatibility, improve operational efficiency, and support continued compliance with county IT standards.

**Recommendation 22:** *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenues for the Department of Animal Services by \$150,000.*

The Riverside County Department of Animal Services is submitting multiple budget adjustments to reflect current operational needs. A reduction in the regular salaries account is due to salary savings from extended vacant positions. The Department is addressing this by moving Temporary Assignment Program (TAP) employees into vacant positions. The animal feed account has increased due to a daily animal population resulting in increased feed costs. Maintenance expenses have also risen with the need for major repairs to aging X-ray machines and their associated computers at the San Jacinto and Coachella Valley facilities. Lastly, under Interfund Expense – Miscellaneous, estimates are being finalized for two critical repairs of chillers for the air system at the Jurupa Shelter, and the replacement of a split system air conditioning unit that cools two computer rooms.

**Recommendation 23:** *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments for the Department of Animal Services by \$500,000.*

## Current Budget Status

### Economic Development

#### Community Facilities Districts (CFD)

CFD 22-2M covers an area between Matthews Road and McLaughlin Road in Menifee and requires an increase in appropriations to reimburse administrative fees to CFD Administration.

**Recommendation 24:** *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations for CFD22-2M Fund by \$2,500.*

CFD 23-1M is generally located east of California Avenue, south of Center Street, and west of Garfield Avenue in Highgrove, and needs to establish a new budget line to reimburse CFD Administration for administrative revenues received in prior year.

**Recommendation 25:** *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations for CFD23-1M by \$1,600.*

CFD 23-2M is generally located east of California Avenue, south of Center Street, and west of Garfield Avenue in Highgrove, and needs to establish a new budget line to reimburse CFD Administration for administrative revenues received in prior year.

**Recommendation 26:** *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations for CFD23-2M by \$800.*

CFD 23-3M is generally located east of Leon Rd, south of Holland Rd, west of Eucalyptus Rd, and north of Craig Rd near Menifee, and needs to establish a new budget line to reimburse CFD Administration for administrative revenues received in prior year.

**Recommendation 27:** *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations for CFD23-3M by \$12,550.*

#### County Service Areas (CSA)

##### County Service Area – Administration

CSA Administration provides overall administrative oversight for all County Service Areas. The CSA requires a \$365,000 increase in appropriations to cover labor negotiated salary increases and Office of Economic Development general office expenses and labor increases. The budget increase will be offset by reimbursement revenues.

**Recommendation 28:** *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenues for the CSA Admin Fund by \$365,000.*



### County Service Area 62 – Ripley Water-Sewer

CSA 62 provides water and sewer services to the unincorporated community of Ripley and requires a \$98,000 increase in appropriations to address rising costs of water treatment and operational supplies. This increase will be offset by interest revenues and available fund balance.

**Recommendation 29:** *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations by \$98,000 and estimated revenues by \$81,000 for the CSA 62 Fund.*

### County Service Area 85 – Cabazon Lighting

CSA 85 provides streetlights and landscaping services to the unincorporated community south of the 10 freeway in Cabazon and requires a \$8,300 increase in appropriations to address additional mulching and ground maintenance costs. This increase will be offset by the available fund balance.

**Recommendation 30:** *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations for the CSA 85 Fund by \$8,300.*

### County Service Area 104 – Sky Valley

CSA 104 provides road maintenance and improvement services to the unincorporated community of Sky Valley, located east of Cathedral City. The CSA requires a \$51,500 increase in appropriations to reimburse TLMA for road services. The increase will be offset by the available fund balance.

**Recommendation 31:** *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations for the CSA 104 Fund by \$51,500.*

### County Service Area 126 – Highgrove

CSA 126 provides multiple services such as park maintenance, landscaping, and sheriff services to the unincorporated community north of Riverside and requires a \$103,500 increase in appropriations to establish budget for capital improvements and equipment. This increase will be offset by special assessment revenues.

**Recommendation 32:** *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenues for the CSA 126 Fund by \$103,500.*

### County Service Area 152 – NPDES

CSA 152 provides street sweeping and water quality drainage maintenance related services, which are managed by a sub account, to unincorporated communities countywide. The CSA requires a \$82,000 increase in appropriations for CSA Basin to cover salary reimbursements and administration fees back to CSA 152 NPDES. The

## Current Budget Status

budget increase will be offset by reimbursement revenues. Additionally, CSA 152 SF covers sports facilities/parks maintenance for the unincorporated community south of Corona and requires an increase in appropriations to cover additional ground maintenance costs and repair of the park splash pad. The budget increase will be offset by revenues.

**Recommendation 33:** *That the Board of Supervisors approves and directs the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenues for the CSA 152 Fund by \$148,500.*

### **Economic Development**

The Perris Valley Cemetery, a 19-acre site serving the Perris community, is planning a one-time expansion to add more burial plots. To support this one-time project and to cover recently negotiated staff pay increases, the cemetery is requesting a budget adjustment. These costs will be covered using property tax revenue, interest from invested funds, and the existing fund balance.

**Recommendation 34:** *That the Board of Supervisors approves and directs the Auditor-Controller to make budget adjustments increasing appropriations by \$272,445 and estimated revenues by \$153,895 for the Perris Valley Cemetery.*

The Edward Dean Museum in Cherry Valley contains a historic museum and library that is committed to preserving its collection of 16<sup>th</sup> to 19<sup>th</sup> century decorative arts while offering social, cultural and educational enrichment. The scenic 16-acre property is also ideal for weddings and events. The museum's bi-annual appraisal of its collection began last fiscal year and was finalized this fiscal year resulting in a need for an increase in appropriations. These costs will be offset by available fund balance.

**Recommendation 35:** *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations for the Edward Dean Museum by \$19,225.*

### **Flood Control and Water Conservation District**

Due to unanticipated increases in salaries and benefits resulting from various union negotiated differentials and bonuses outlined in recent collective bargaining agreements, the district is requesting a \$950,000 budget adjustment to increase the salaries appropriation in fund 15100. Additionally, increased pension costs associated with the increase in salaries, the district is requesting a \$250,000 budget adjustment to increase the benefits appropriation in Fund 15100. The fund has sufficient unrestricted net assets to cover this request.

**Recommendation 36:** *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations for the Flood and Water Conservation District by \$1,200,000.*

### ***Regional Parks and Open Space District***

Due to park closures resulting from ongoing construction and the budget surplus from vehicle purchases, appropriations are being reallocated to address rising costs in utilities, maintenance supplies, and services ensuring the district's operational needs are adequately met for the fiscal year.

**Recommendation 37:** *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments for Regional Parks and Open Space District by \$135,000.*

### ***Transportation and Land Management Agency (TLMA)***

To effectively manage department resources, four additional Transportation Improvement Program (TIP) projects were programmed to utilize District 4 funding after the approval of the FY 2024/25 budget. Additional expenses are also a result of cost increases to two large-scale projects, requiring a budget adjustment.

**Recommendation 38:** *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations for TLMA-Transportation District 4 by \$1,800,000.*

Due to a lawsuit stemming from the construction of the Limonite Avenue Interchange project, the Superior Court of California ordered that the County pay a monetary settlement and install fencing within nine months on the State right-of-way adjacent to the Hamner Park property. A budget adjustment is required to fund the cost of the settlement, internal labor charges, and other soft costs while meeting the time constraints imposed by this ruling.

**Recommendation 39:** *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations for TLMA-Transportation by \$600,000.*

## Attachment A Summary of Recommendations

**Recommendation 1:** That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations for General Fund Contributions to Other Funds by \$6,123,464 and increasing appropriations and estimated revenues for the Capital Improvement Program Fund and the Deferred Maintenance Fund by \$3,061,732.

<u>Fund</u>	<u>Dept ID</u>		<u>Account</u>	<u>Amount</u>
10000	1101000000	Contribution To Other Funds	370100 Unassigned Fund Balance	(6,123,464)
10000	1101000000	Contribution To Other Funds	551100 Contribution To Other Funds	6,123,464
11208	1104600000	EO Deferred Maintenance	536780 Interfnd Exp-Capital Projects	3,061,732
11208	1104600000	EO Deferred Maintenance	790600 Contrib Fr Other County Funds	3,061,732
30700	1104200000	Cap Imp Prg-Capital Projects	536780 Interfnd Exp-Capital Projects	3,061,732
30700	1104200000	Cap Imp Prg-Capital Projects	790600 Contrib Fr Other County Funds	3,061,732

**Recommendation 2:** That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenues for the Executive Office by \$100,000.

<u>Fund</u>	<u>Dept ID</u>		<u>Account</u>	<u>Amount</u>
10000	1100100000	Executive Office	525500 Salary/Benefit Reimbursement	50,000
10000	1100100000	Executive Office	536200 Contrib To Other Non-Co Agcy	50,000
10000	1100100000	Executive Office	741010 Lease Revenue-GASB87	100,000

**Recommendation 3:** That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenues for Health and Juvenile Services by \$431,351.

<u>Fund</u>	<u>Dept ID</u>		<u>Account</u>	<u>Amount</u>
22430	1110200000	Health and Juvenile Services	536240 Other Contract Agencies	431,351
22430	1110200000	Health and Juvenile Services	781000 Contractual Revenue-RDV	431,351

**Recommendation 4:** That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenues for the Interest on Trans & Teeter by \$5,082,000.

<u>Fund</u>	<u>Dept ID</u>		<u>Account</u>	<u>Amount</u>
10000	1102100000	Interest On Trans & Teeter	525440 Professional Services	15,000
10000	1102100000	Interest On Trans & Teeter	532160 Issuance Costs	196,000
10000	1102100000	Interest On Trans & Teeter	534000 Interest Notes-Warrants	4,871,000
10000	1102100000	Interest On Trans & Teeter	740100 Investment Income	5,082,000

**Recommendation 5:** That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenues for CFD Assessment District Admin Fund by \$10,600.

<u>Fund</u>	<u>Dept ID</u>		<u>Account</u>	<u>Amount</u>
22050	1150100000	CFD Assessment Dist Admin	537180 Interfnd Exp-Salary Reimb	10,600
22050	1150100000	CFD Assessment Dist Admin	790500 Operating Transfer-In	10,600

**Recommendation 6:** That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenues for the Housing and Workforce Solutions Department by \$125,000.

<u>Fund</u>	<u>Dept ID</u>		<u>Account</u>	<u>Amount</u>
21560	5500100000	Housing, Homeless, Wrkfrce Sol	510040 Regular Salaries	125,000
21560	5500100000	Housing, Homeless, Wrkfrce Sol	777520 Reimbursement For Services	125,000



## Attachment A Summary of Recommendations

**Recommendation 7:** That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenues for the Facilities Management-Real Estate Division by \$6,212,335.

<u>Fund</u>	<u>Dept ID</u>	<u>Account</u>	<u>Amount</u>
47220	7200400000 FM-Real Estate	522410 Maint-Tenant Improvement	864,791
47220	7200400000 FM-Real Estate	526700 Rent-Lease Bldgs	3,628,466
47220	7200400000 FM-Real Estate	526740 Rent-Lease Improvements	188,819
47220	7200400000 FM-Real Estate	529540 Utilities	165,830
47220	7200400000 FM-Real Estate	533750 Lease & SBITA Interest Pmt	1,364,429
47220	7200400000 FM-Real Estate	777330 Leasing Services	6,212,335

**Recommendation 8:** That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenues for the Facilities Management Pass-Thru Fund by \$10,000,000.

<u>Fund</u>	<u>Dept ID</u>	<u>Account</u>	<u>Amount</u>
30100	7200800000 FM-Department Pass-Thru	528500 Project Cost Expense	605,449
30100	7200800000 FM-Department Pass-Thru	542040 Buildings-Capital Projects	9,394,551
30100	7200800000 FM-Department Pass-Thru	778280 Interfnd -Reimb For Service	10,000,000

**Recommendation 9:** That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations for the Facilities Management Lakeland Village Recreational Centers and estimated revenues for the Facilities Management-Community and Recreational Centers by \$95,817.

<u>Fund</u>	<u>Dept ID</u>	<u>Account</u>	<u>Amount</u>
21830	7201200000 FM-Lakeland Village Rec. Ctrs	321101 Restricted Program Money	(95,817)
21830	7201200000 FM-Lakeland Village Rec. Ctrs	551000 Operating Transfers-Out	95,817
21830	7201300000 FM-Community & Rec. Centers	321101 Restricted Program Money	95,817
21830	7201300000 FM-Community & Rec. Centers	790500 Operating Transfer-In	95,817

**Recommendation 10:** That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations for the Facilities Management Desert Expo Center and estimated revenues for the Facilities Management-Community and Recreational Centers by \$479,037.

<u>Fund</u>	<u>Dept ID</u>	<u>Account</u>	<u>Amount</u>
22200	7201300000 FM-Community & Rec. Centers	350100 AFB For Program Money	479,037
22200	7201300000 FM-Community & Rec. Centers	790500 Operating Transfer-In	479,037
22200	7201400000 FM-Desert Expo Center	350100 AFB For Program Money	(479,037)
22200	7201400000 FM-Desert Expo Center	551000 Operating Transfers-Out	479,037

**Recommendation 11:** That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations by \$2,117,350 and estimated revenues by \$530,000 for the ISF-Information Technology Fund.

<u>Fund</u>	<u>Dept ID</u>	<u>Account</u>	<u>Amount</u>
45500	7400100000 Information Technology	380100 Unrestricted Net Assets	(1,587,350)
45500	7400100000 Information Technology	790600 Contrib Fr Other County Funds	530,000
45500	7400101000 Office of CIO	510040 Regular Salaries	200,000
45500	7400101000 Office of CIO	532690 Lease & SBITA Principal Pymt	530,000
45500	7400101000 Office of CIO	551100 Contribution To Other Funds	17,350
45500	7400170000 Enterprise Application Bureau	521640 Maint-Software	700,000
45500	7400170000 Enterprise Application Bureau	532690 Lease & SBITA Principal Pymt	670,000

## Attachment A Summary of Recommendations

**Recommendation 12:** That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments 1) increasing appropriations for General Fund Contributions to Other Funds by \$165,792 and 2) increasing appropriations and estimated revenues for the ISF-Central Mail Services Fund by \$165,792.

<u>Fund</u>	<u>Dept ID</u>		<u>Account</u>	<u>Amount</u>
10000	1101000000	Contribution To Other Funds	370100 Unassigned Fund Balance	(165,792)
10000	1101000000	Contribution To Other Funds	551100 Contribution To Other Funds	165,792
10000	7300600000	Central Mail Services	370100 Unassigned Fund Balance	165,792
10000	7300600000	Central Mail Services	525440 Professional Services	(165,792)
45620	7300600000	Central Mail Services	546160 Equipment-Other	165,792
45620	7300600000	Central Mail Services	790600 Contrib Fr Other County Funds	165,792

**Recommendation 13:** That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenues for Purchasing by \$150,000.

<u>Fund</u>	<u>Dept ID</u>		<u>Account</u>	<u>Amount</u>
10000	7300100000	Purchasing	523230 Miscellaneous Expense	150,000
10000	7300100000	Purchasing	776455 Rebates & Refunds	150,000

**Recommendation 14:** That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenues for the District Attorney by \$555,018 and 2) approve and authorize the purchase of one cell-site simulator.

<u>Fund</u>	<u>Dept ID</u>		<u>Account</u>	<u>Amount</u>
11018	2200100000	District Attorney	546160 Equipment-Other	500,000
11018	2200100000	District Attorney	732060 Asset Forfeiture	500,000
11118	2200100000	District Attorney	537180 Interfnd Exp-Salary Reimb	15,683
11118	2200100000	District Attorney	755460 CA-DA Auto Ins Fraud	15,683
11156	2200100000	District Attorney	537180 Interfnd Exp-Salary Reimb	39,335
11156	2200100000	District Attorney	755240 CA-Urban Auto Fraud Grant	39,335

## Attachment A Summary of Recommendations

**Recommendation 15:** That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments for Sheriff's Department by \$5,212,000.

<u>Fund</u>	<u>Dept ID</u>		<u>Account</u>	<u>Amount</u>
10000	2500100000	Sheriff Administration	370100 Unassigned Fund Balance	450,000
10000	2500100000	Sheriff Administration	521500 Maint-Motor Vehicles	(45,000)
10000	2500100000	Sheriff Administration	523700 Office Supplies	(20,000)
10000	2500100000	Sheriff Administration	524840 Fingerprinting Services	(385,000)
10000	2500200000	Sheriff Support	370100 Unassigned Fund Balance	(2,200,000)
10000	2500200000	Sheriff Support	521640 Maint-Software	111,000
10000	2500200000	Sheriff Support	522310 Maint-Building and Improvement	186,000
10000	2500200000	Sheriff Support	523640 Computer Equip-Non Fixed Asset	81,300
10000	2500200000	Sheriff Support	523680 Office Equip Non Fixed Assets	94,100
10000	2500200000	Sheriff Support	523820 Subscriptions	183,400
10000	2500200000	Sheriff Support	523840 Computer Equipment-Software	18,100
10000	2500200000	Sheriff Support	524660 Consultants	287,500
10000	2500200000	Sheriff Support	525440 Professional Services	938,600
10000	2500200000	Sheriff Support	526700 Rent-Lease Bldgs	300,000
10000	2500300000	Sheriff Patrol	370100 Unassigned Fund Balance	(1,712,000)
10000	2500300000	Sheriff Patrol	520240 Communications Equipment	1,250,000
10000	2500300000	Sheriff Patrol	521500 Maint-Motor Vehicles	462,000
10000	2500400000	Sheriff Correction	370100 Unassigned Fund Balance	4,482,000
10000	2500400000	Sheriff Correction	520105 Protective Gear	(150,000)
10000	2500400000	Sheriff Correction	520220 County Radio 700 MHz System	(110,000)
10000	2500400000	Sheriff Correction	520825 Kitchen And Dining Supplies	(230,000)
10000	2500400000	Sheriff Correction	521400 Maint-Diesel Equip/Truck/Bus	(130,000)
10000	2500400000	Sheriff Correction	521440 Maint-Kitchen Equipment	(100,000)
10000	2500400000	Sheriff Correction	522310 Maint-Building and Improvement	(600,000)
10000	2500400000	Sheriff Correction	525020 Legal Services	(180,000)
10000	2500400000	Sheriff Correction	525440 Professional Services	(1,600,000)
10000	2500400000	Sheriff Correction	527500 Handcuffs	(100,000)
10000	2500400000	Sheriff Correction	527780 Special Program Expense	(220,000)
10000	2500400000	Sheriff Correction	529540 Utilities	(162,000)
10000	2500400000	Sheriff Correction	542060 Improvements-Building	(150,000)
10000	2500400000	Sheriff Correction	546160 Equipment-Other	(500,000)
10000	2500400000	Sheriff Correction	546320 Vehicles-Cars/Light Trucks	(250,000)
10000	2500500000	Sheriff Court Services	370100 Unassigned Fund Balance	280,000
10000	2500500000	Sheriff Court Services	520105 Protective Gear	(30,000)
10000	2500500000	Sheriff Court Services	525320 Security Guard Services	(250,000)
10000	2500700000	Ben Clark Training Center	370100 Unassigned Fund Balance	(1,300,000)
10000	2500700000	Ben Clark Training Center	525440 Professional Services	1,200,000
10000	2500700000	Ben Clark Training Center	527860 Training-Materials	100,000

**Recommendation 16:** That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments for the Sheriff's Department by \$563,897.

<u>Fund</u>	<u>Dept ID</u>		<u>Account</u>	<u>Amount</u>
10000	2500300000	Sheriff Patrol	573400 Intra-Salary and Benefit Reimb	(563,897)
10000	2500300000	Sheriff Patrol	773520 Contract City Law Enforcement	(563,897)

## Attachment A Summary of Recommendations

**Recommendation 17:** That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments decreasing appropriations and estimated revenues for the Sheriff's Department by \$337,547.

<u>Fund</u>	<u>Dept ID</u>		<u>Account</u>	<u>Amount</u>
10000	2500700000	Ben Clark Training Center	510040 Regular Salaries	(337,547)
10000	2500700000	Ben Clark Training Center	755680 CA-Other Operating Grants	(227,547)
10000	2500700000	Ben Clark Training Center	781260 Budget Reimbursement	(110,000)

**Recommendation 18:** That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenues for the Sheriff's Department by \$58,370.

<u>Fund</u>	<u>Dept ID</u>		<u>Account</u>	<u>Amount</u>
10000	2501000000	Sheriff Coroner	546160 Equipment-Other	58,370
10000	2501000000	Sheriff Coroner	790600 Contrib Fr Other County Funds	58,370

**Recommendation 19:** That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments for the Sheriff's Department by \$410,000.

<u>Fund</u>	<u>Dept ID</u>		<u>Account</u>	<u>Amount</u>
10000	2501000000	Sheriff Coroner	510040 Regular Salaries	(410,000)
10000	2501000000	Sheriff Coroner	525440 Professional Services	410,000

**Recommendation 20:** That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenues for the Sheriff's Department by \$250,000.

<u>Fund</u>	<u>Dept ID</u>		<u>Account</u>	<u>Amount</u>
10000	2501100000	Public Administrator	520115 Uniforms-Replacement Clothing	5,000
10000	2501100000	Public Administrator	523660 Computer Supplies	8,000
10000	2501100000	Public Administrator	523760 Cmail Postage-Mailing ISF	25,000
10000	2501100000	Public Administrator	525020 Legal Services	140,000
10000	2501100000	Public Administrator	525440 Professional Services	6,716
10000	2501100000	Public Administrator	527520 Indigent Burial	40,000
10000	2501100000	Public Administrator	529540 Utilities	20,000
10000	2501100000	Public Administrator	532520 Finance Purchase-Vehic Princip	4,454
10000	2501100000	Public Administrator	533790 Finance Purchase-Veh Interest	830
10000	2501100000	Public Administrator	773010 Pa Stat Commn Xtraord PC7660	100,000
10000	2501100000	Public Administrator	773020 Proc For Estates No Known Heir	70,000
10000	2501100000	Public Administrator	777500 Reimb Of Special Purchase	80,000

**Recommendation 21:** That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenues for the Department of Animal Services by \$350,000.

<u>Fund</u>	<u>Dept ID</u>		<u>Account</u>	<u>Amount</u>
10000	4200600000	DAS - Operations	522860 Medical-Dental Supplies	100,000
10000	4200600000	DAS - Operations	522890 Pharmaceuticals	100,000
10000	4200600000	DAS - Operations	525520 Veterinary Services	150,000
10000	4200600000	DAS - Operations	790600 Contrib Fr Other County Funds	350,000

**Recommendation 22:** That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenues for the Department of Animal Services by \$150,000.

<u>Fund</u>	<u>Dept ID</u>		<u>Account</u>	<u>Amount</u>
10000	4200600000	DAS - Operations	523640 Computer Equip-Non Fixed Asset	150,000
10000	4200600000	DAS - Operations	773210 City Billings-Animal Shelt Svc	150,000

## Attachment A Summary of Recommendations

**Recommendation 23:** That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments for the Department of Animal Services by \$500,000.

<u>Fund</u>	<u>Dept ID</u>		<u>Account</u>	<u>Amount</u>
10000	4200600000	DAS - Operations	510040 Regular Salaries	(500,000)
10000	4200600000	DAS - Operations	520710 Feed-Animal	75,000
10000	4200600000	DAS - Operations	521560 Maint-Other	50,000
10000	4200600000	DAS - Operations	523660 Computer Supplies	45,000
10000	4200600000	DAS - Operations	523680 Office Equip Non Fixed Assets	130,000
10000	4200600000	DAS - Operations	537080 Interfnd Exp-Miscellaneous	200,000

**Recommendation 24:** That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations for CFD22-2M Fund by \$2,500.

<u>Fund</u>	<u>Dept ID</u>		<u>Account</u>	<u>Amount</u>
20820	991210	CFD22-2M Mountain Edge	321170 Rst-Community Facility Dist	(2,500)
20820	991210	CFD22-2M Mountain Edge	536740 Interfnd Exp-Admin Supt Indir	2,500

**Recommendation 25:** That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations for CFD23-1M by \$1,600.

<u>Fund</u>	<u>Dept ID</u>		<u>Account</u>	<u>Amount</u>
20860	991230	CFD23-1M Highgrove Town Center	321170 Rst-Community Facility Dist	(1,600)
20860	991230	CFD23-1M Highgrove Town Center	551000 Operating Transfers-Out	1,600

**Recommendation 26:** That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations for CFD23-2M by \$800.

<u>Fund</u>	<u>Dept ID</u>		<u>Account</u>	<u>Amount</u>
20870	991235	CFD23-2M Highgrove	321170 Rst-Community Facility Dist	(800)
20870	991235	CFD23-2M Highgrove	551000 Operating Transfers-Out	800

**Recommendation 27:** That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations for CFD23-3M by \$12,550.

<u>Fund</u>	<u>Dept ID</u>		<u>Account</u>	<u>Amount</u>
20880	991240	CFD23-3M Canterwood	321170 Rst-Community Facility Dist	(12,550)
20880	991240	CFD23-3M Canterwood	551000 Operating Transfers-Out	12,550

**Recommendation 28:** That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenues for the CSA Admin Fund by \$365,000.

<u>Fund</u>	<u>Dept ID</u>		<u>Account</u>	<u>Amount</u>
23010	915202	CSA Administration Operating	510040 Regular Salaries	25,000
23010	915202	CSA Administration Operating	536920 Interfnd Exp-Gen Office Exp	140,000
23010	915202	CSA Administration Operating	537180 Interfnd Exp-Salary Reimb	200,000
23010	915202	CSA Administration Operating	778060 Interfnd -CSA Admin Chrgs	325,000
23010	915202	CSA Administration Operating	790500 Operating Transfer-In	40,000



## Attachment A Summary of Recommendations

**Recommendation 29:** That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations by \$98,000 and estimated revenues by \$81,000 for the CSA 62 Fund.

<u>Fund</u>	<u>Dept ID</u>	<u>Account</u>	<u>Amount</u>
40440	906203 CSA 062 Ripley Dept Service	380100 Unrestricted Net Assets	(17,000)
40440	906203 CSA 062 Ripley Dept Service	522400 Maint-Improve Water	50,000
40440	906203 CSA 062 Ripley Dept Service	527180 Operational Supplies	18,000
40440	906203 CSA 062 Ripley Dept Service	527630 Chemicals	30,000
40440	906203 CSA 062 Ripley Dept Service	740020 Interest-Invested Funds	81,000

**Recommendation 30:** That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations for the CSA 85 Fund by \$8,300.

<u>Fund</u>	<u>Dept ID</u>	<u>Account</u>	<u>Amount</u>
23850	908501 CSA 085 Cabazon Lighting	321101 Restricted Program Money	(8,300)
23850	908501 CSA 085 Cabazon Lighting	522320 Maint-Grounds	8,300

**Recommendation 31:** That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations for the CSA 104 Fund by \$51,500.

<u>Fund</u>	<u>Dept ID</u>	<u>Account</u>	<u>Amount</u>
24100	910401 CSA 104 Santa Ana	321101 Restricted Program Money	(51,500)
24100	910401 CSA 104 Santa Ana	537160 Interfnd Exp-Road Maint Gradng	51,500

**Recommendation 32:** That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenues for the CSA 126 Fund by \$103,500.

<u>Fund</u>	<u>Dept ID</u>	<u>Account</u>	<u>Amount</u>
24325	912601 CSA 126 Highgrove Area Lghtg	540060 Improvements-Land	41,400
24325	912601 CSA 126 Highgrove Area Lghtg	546160 Equipment-Other	62,100
24325	912601 CSA 126 Highgrove Area Lghtg	770100 Special Assessments	103,500

**Recommendation 33:** That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenues for the CSA 152 Fund by \$148,500

<u>Fund</u>	<u>Dept ID</u>	<u>Account</u>	<u>Amount</u>
24625	915201 Csa 152 Npdes	524500 Administrative Support-Direct	14,000
24625	915201 Csa 152 Npdes	536740 Interfnd Exp-Admin Supt Indir	68,000
24625	915201 Csa 152 Npdes	778280 Interfnd -Reimb For Service	82,000
24875	915201 Csa 152 Npdes	522320 Maint-Grounds	35,000
24875	915201 Csa 152 Npdes	527960 Park & Recreation	30,000
24875	915201 Csa 152 Npdes	537180 Interfnd Exp-Salary Reimb	1,500
24875	915201 Csa 152 Npdes	770100 Special Assessments	66,500

**Recommendation 34:** That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations by \$272,445 and estimated revenues by \$153,895 for the Perris Valley Cemetery.

<u>Fund</u>	<u>Dept ID</u>	<u>Account</u>	<u>Amount</u>
22900	980503 RivCoED/Perris Valley Cemetery	321101 Restricted Program Money	(118,550)
22900	980503 RivCoED/Perris Valley Cemetery	537180 Interfnd Exp-Salary Reimb	272,445
22900	980503 RivCoED/Perris Valley Cemetery	700020 Prop Tax Current Secured	68,550
22900	980503 RivCoED/Perris Valley Cemetery	740020 Interest-Invested Funds	85,345

## Attachment A Summary of Recommendations

**Recommendation 35:** That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations for the Edward Dean Museum by \$19,225.

<u>Fund</u>	<u>Dept ID</u>	<u>Account</u>	<u>Amount</u>
21210	1930100000 RivCoED/Edward Dean Museum	321101 Restricted Program Money	(19,225)
21210	1930100000 RivCoED/Edward Dean Museum	525440 Professional Services	19,225

**Recommendation 36:** That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations for the Flood and Water Conservation District by \$1,200,000.

<u>Fund</u>	<u>Dept ID</u>	<u>Account</u>	<u>Amount</u>
15100	947200 Administration	370100 Unassigned Fund Balance	(1,200,000)
15100	947200 Administration	510040 Regular Salaries	950,000
15100	947200 Administration	513000 Retirement-Misc.	250,000

**Recommendation 37:** That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments for Regional Parks and Open Space District by \$135,000.

<u>Fund</u>	<u>Dept ID</u>	<u>Account</u>	<u>Amount</u>
25400	931220 Administration	524660 Consultants	7,200
25400	931235 Business Operations	528920 Car Pool Expense	(110,000)
25400	931240 Finance	523640 Computer Equip-Non Fixed Asset	13,000
25400	931270 Santa Ana River Bottom Mgmt	537120 Interfnd Exp-Prof & Spec Svcs	11,000
25400	931303 Jensen Alvarado Historic Ranch	522320 Maint-Grounds	12,000
25400	931303 Jensen Alvarado Historic Ranch	529520 Sewer System	12,000
25400	931305 Hidden Valley Nature Center 931305	523270 Special Events	(5,000)
25400	Hidden Valley Nature Center 931306 Idyllwild	527780 Special Program Expense	(20,000)
25400	Nature Center	522320 Maint-Grounds	5,000
25400	931306 Idyllwild Nature Center	529550 Water	25,000
25400	931402 Hurkey Creek Park	521420 Maint-Field Equipment	3,000
25400	931402 Hurkey Creek Park	522390 Maint-Improve Sewer	5,300
25400	931402 Hurkey Creek Park	529500 Electricity	8,000
25400	931402 Hurkey Creek Park	529520 Sewer System	9,000
25400	931403 Idyllwild Park	529520 Sewer System	5,000
25400	931409 Rancho Jurupa Park	522320 Maint-Grounds	12,500
25400	931409 Rancho Jurupa Park	529520 Sewer System	7,000

**Recommendation 38:** That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations for TLMA-Transportation District 4 by \$1,800,000.

<u>Fund</u>	<u>Dept ID</u>	<u>Account</u>	<u>Amount</u>
22400	3130400000 Supervisorial Road Dist No 4	321101 Restricted Program Money	(1,800,000)
22400	3130400000 Supervisorial Road Dist No 4	537080 Interfnd Exp-Miscellaneous	1,800,000

**Recommendation 39:** That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations for TLMA-Transportation by \$600,000.

<u>Fund</u>	<u>Dept ID</u>	<u>Account</u>	<u>Amount</u>
31640	3130500000 Transportation Const Projects	322100 Rst For Const/Capital Projects	(600,000)
31640	3130500000 Transportation Const Projects	537220 Interfnd Exp-Labor	150,000
31640	3130500000 Transportation Const Projects	537280 Interfnd Exp-Misc Project Exp	450,000



# RIVERSIDE COUNTY ECONOMIC AND REVENUE FORECAST

APRIL 2025



# THE 2025 ECONOMIC AND REVENUE FORECAST FOR RIVERSIDE COUNTY

APRIL 2025

Prepared for:



COUNTY OF RIVERSIDE EXECUTIVE OFFICE

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# ECONOMIC OUTLOOK

## UNITED STATES

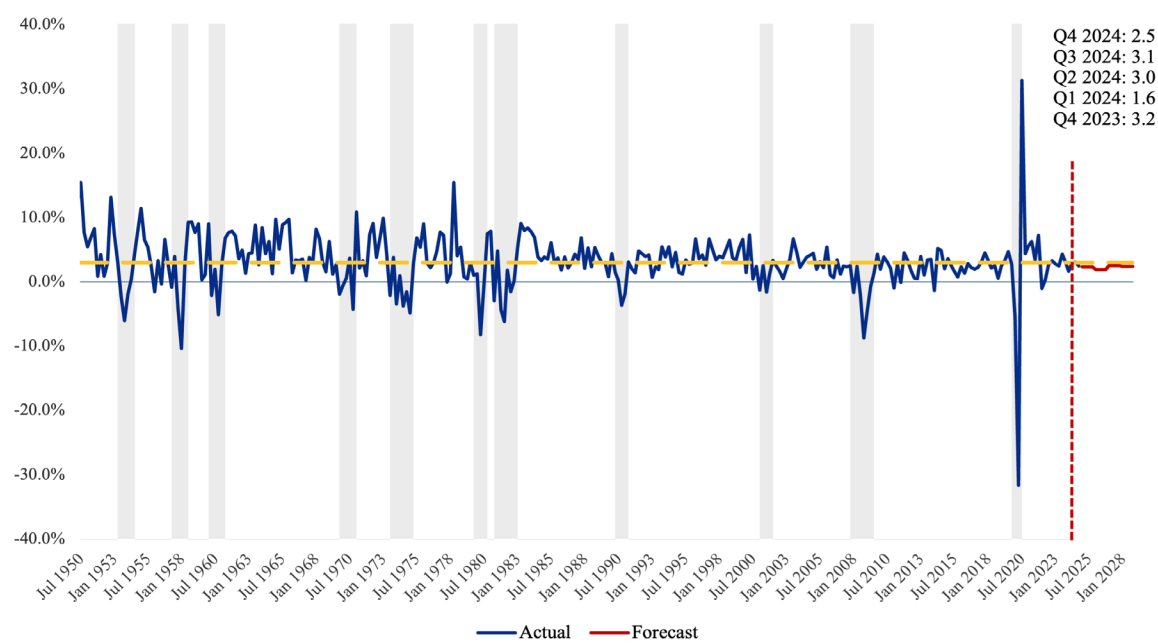
“Trying to forecast with this level of uncertainty is very difficult.”  
Adam Spiegel, Founder, Sonoma Distilling Co.  
“I don’t know anyone who has a lot of confidence in their forecast.”  
Federal Reserve Chairman Jerome Powell

### GENERAL CONDITIONS TODAY

#### ECONOMIC GROWTH

Inflation adjusted (“real”) GDP, the broadest gauge of economic conditions, grew at a rate of 2.4 percent (annualized) during the fourth quarter of 2024, recently observed growth. The average growth rate since the beginning of the Great Recession in 2008 is 2 percent. It was 2.4 percent from 2017 to 2020 and 2.6 percent from 2021 to 2024.

FIGURE 1: REAL GDP GROWTH, U.S., QUARTERLY, SAAR, BILLIONS OF CHAINED 2017 DOLLARS  
1947 Q1 - 2024 Q4



- Quarter 4 showed real GDP growth of less than the 3.0 percent recently observed
- Looking at annual growth rates from a year ago over the last 12 months, we observe close to 2.8 percent growth. Long-run average is 3 percent (yellow line)
- Two quarters of negative growth in 2022 published earlier were due to measurement error, not recession, and have now revised down to a single quarter of negative growth

The Federal Reserve in Atlanta has a “GDPNow” measure which predicts current quarter real GDP growth based on data becoming available in real time: the current forecast is -2.2 percent for Q1, meaning a significant decline in real GDP. Since two quarters of negative real GDP growth are commonly considered to constitute a recession, it is **increasingly probable that the U.S. economy is near the end of a 57-months economic expansion**.<sup>2</sup> Note that the current Blue Chip consensus of forecasts for

1. 2025 Q1 growth rates will not be available until the end of April.



GDP growth during the first quarter of 2025 is +1.5%. UCLA's Anderson Forecast is somewhat above that with the caveat that there will be a recession if there are no changes to the announced policies on tariffs, deportation, and cutbacks in federal jobs/federal expenditures on health.

Most forecasters believe that we are entering a period of 'stagflation' in the near future rather than the 'soft landing' predicted a year ago.<sup>3</sup> Monetary policy is in a holding pattern due to the uncertainty (in the March 2025 meeting, Chairman Powell talked about "remarkably high" levels of economic uncertainty and confirmed this after the increased tariff announcement) created by the various policy shifts. Following the March meeting of the Federal Reserve Board, the majority of its members forecast that the Federal Funds Rate (FFR) will be lowered by 0.5 percentage points (50 basis points) by the end 2025.

We assume the national economy will escape a **recession scenario in 2025**, although growth will be below recently observed levels. Our belief is based on the fact that public and private investments in infrastructure and technology, and smart deregulation will outweigh the negative effects of fully implemented tariff rates, downsizing of the government sector, and deportations. However, the U.S. economy is now on a **recession watch**. The two words that dominate the discussion regarding the current economic situation are: (i) uncertainty, and (ii) stagnation.<sup>4</sup>

## INFLATION

The inflation rate is of interest because (i) it is an indicator of economic well-being, and (ii) it will tell you how likely the Federal Reserve is to lower interest rates. Following the Great Recession of 2008-2009, the Federal Reserve kept the FFR at 0 percent from

December 2008 to November 2015, and again from March 2020 to February 2022. By **June 2022 inflation rates reached 9 percent** (annual percentage change, "all items" Consumer Price Index) due to supply chain interruptions coinciding with an increase in Federal expenditures of \$3.1 trillion to stimulate the economy. Subsequently, there was a rapid rise in the FFR involving 11 step increases, at a pace not seen since the 1980s, reaching a **peak in the 5.25 percent - 5.50 percent range** during the summer of 2023. The purpose of this policy was to slow down economic activity to lower the inflation rate.

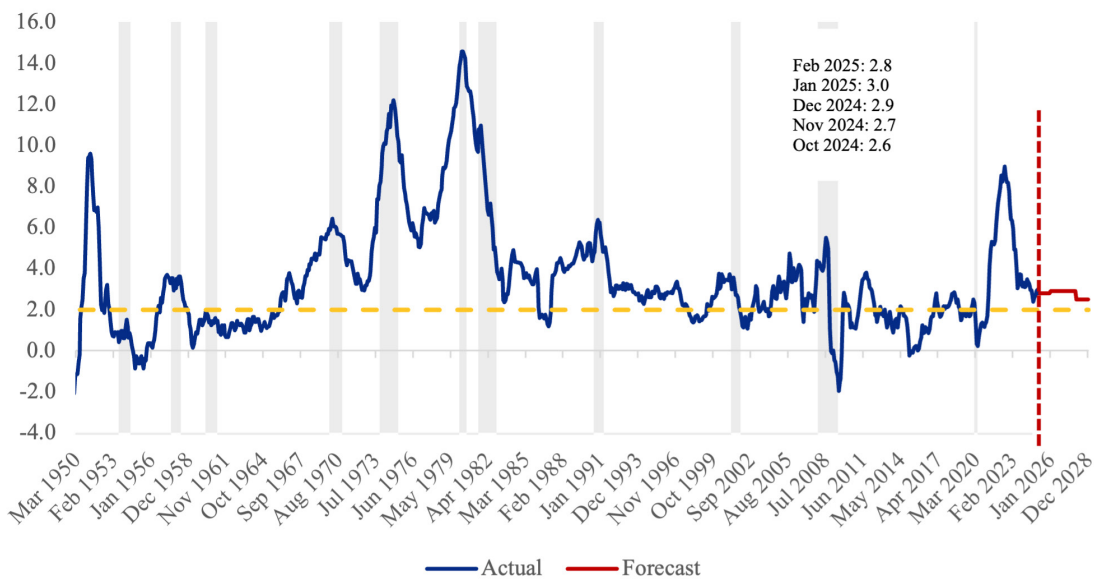
By now, inflation has decreased but remains stubbornly above the Fed's target of 2 percent. The central bank focuses on an inflation measure derived from Personal Consumption Expenditures. Both measures show similar inflation rate numbers. We forecast that the **target will not be reached soon** due to increased inflationary expectations and potential effects from the tariff policies. The Federal Reserve **lowered the FFR** at its **September 2024 meeting** by half of a percentage point (50 basis points), and twice by a quarter of a percentage point (25 basis points) before the end of 2024. Given previous statements by Federal Reserve officials and the latest labor market data, we expect the total 2025 cut to be 25 basis points (0.25 percentage points), bringing the total decline to 1.25 percentage points from the peak (125 basis points). A word of caution. It is **real interest rates, not nominal interest rates**, that affect economic activity. Due to higher inflationary expectations, real interest rates were negative until mid-2022, and even recently only reached 5 percent, which is elevated, but not particularly high by historical standards. This explains, in part, why we did not see a recession following the increases in the FFR.

2. It is the dating committee of the National Bureau of Economic Research (NBER) that determines the peaks and troughs of economic activity. The committee takes into account variables other than real GDP growth to set the trough date by month. The start of a recession is announced with a considerable delay of up to one year and it is therefore useful to look at alternative measures that mimic the date setting behavior. A sustained increase in the unemployment rate is a good proxy and is referred to as the "Sahm Measure."

3. "Stagflation" refers to a stagnation in real GDP coinciding with inflation. The term was first used in the 1970s to describe the behavior of the U.S. economy following the oil price increases then. "Soft landing" is a situation where the inflation rate is reduced to the target inflation rate set by the Federal Reserve (2 percent) without causing a recession.

4. The reader is invited to look at "Google Trends" and search for "Recession," which displays the frequency at which individuals have googled the term. There is a clear increase that can be observed since the beginning of March 2025.

FIGURE 2: INFLATION, CONSUMER PRICE INDEX, U.S., JANUARY 1948 - FEBRUARY 2025,  
PERCENTAGE CHANGE FROM A YEAR AGO, SA, ALL ITEMS



- Inflation slowly decreased over the past 2 years after its peak at 8.9 percent in June of 2022, moving towards its 2 percent target (yellow line)
- Prior to July 2024, the last time this figure was below 3 percent was in March 2021
- The Federal Reserve typically increases interest rates to counter inflation

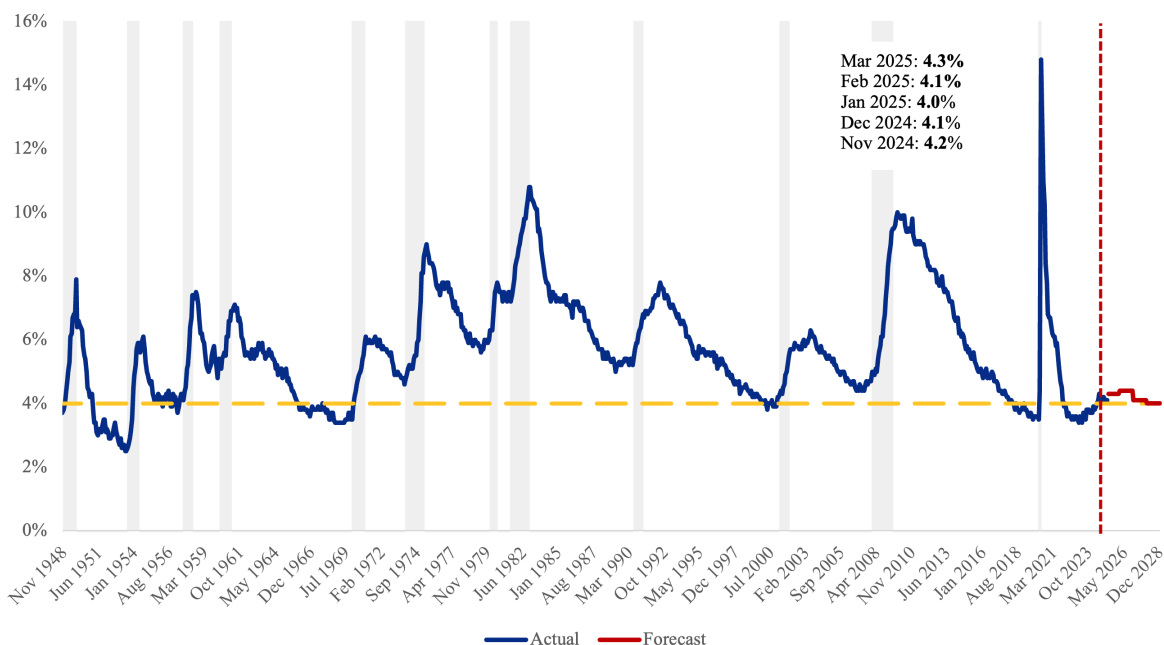
LABOR MARKETS

The national unemployment rate is one of the first measures to indicate if the national economy enters a recession. A sustained three month average increase in the unemployment rate relative to the lowest three months increase over the previous 12 months shows a recession to have started (if the difference is half a percentage point or more). This so-called Sahm measure has not failed to indicate recession starts since the mid-'50s. Its current value is 0.27.

The **national labor market** continues to be **tight by historical standards**. The change in the unemployment rate is approximately equal to the difference in the growth rate of the labor force and employment growth. The healthy combination, where both the labor force and employment are

growing at roughly the same pace, is what we currently observe for the nation. Given the pace at which the U.S. economy is still adding jobs at relatively high numbers, we view this as evidence of the current economy continuing to expand rather than slowing down or even contracting. Declining future immigration numbers may prevent the unemployment rate from increasing dramatically in 2025, given that the labor force will not expand as much. Moreover, and differently from previous episodes of low unemployment rates, we continue to observe a high volume of unfilled job openings, which has resulted in **relatively high levels of wage growth**. Nominal wages have grown at a rate about 4 percent. This statistic continues to outpace inflation, meaning that **real wages are still increasing**.

FIGURE 3: UNEMPLOYMENT RATE, SA, U.S., JANUARY 1948 - MARCH 2025



- The national unemployment rate rose slightly above 4 percent to 4.2 percent, or over 0.6 percentage points from July 2023
- An unemployment rate of close to 4 percent represents a low jobless rate by recent historical standards
- In the post-pandemic context, we have reached labor market normalization with low unemployment levels

## EXCHANGE RATE

Exchange rates and trade considerations, in general, are of little interest to most Riverside County businesses and policy makers. There are two exceptions: first, the volume of trade affects the Logistics Industry in Riverside County; second, the exchange rates impact the Coachella Valley economy. The majority of the nine cities of the Coachella Valley heavily depend on tourism and a large fraction of the expenditures comes from so-called “snow-birds,” including Canadian tourists, especially those from Western Canadian provinces. There is also a significant fraction of real estate owned by Canadians. In our discussion regarding the effects on tourism we limit ourselves to the consequences of a U.S. dollar appreciation following the imposition of tariffs on Canada, we believe that Canadians boycotting vacations in the U.S. will be a short-term phenomenon at best.<sup>5</sup>

To illustrate the effect of the **Canadian Dollar exchange rate** on tourism and the residential housing market, consider a 40 percent depreciation of the Canadian dollar similar to what we observed from 2010 to 2015. Tourism from Canada will suffer significantly as a result, raising the expenses faced by Canadian visitors from, say, C\$ 5,000 to C\$ 7,000. Reverse calculations can be made easily for the 2001 to 2007 period when the Canadian Dollar appreciated by 40 percent. In addition, think of a Canadian who purchased a house in Palm Springs in 2010. Putting the house on the market below the local price allows Canadians to sell the house quickly while still making a substantial profit. The recent 15 percent Canadian Dollar depreciation is not similar in magnitude, although significant, and has actually appreciated slightly recently.

5. For those who have experienced winters in Canada, it is hard to imagine that the boycott movement will dominate the birthright of Canadians to spend some time during the winter in Florida or California, at least in the long run. For an initial analysis on tourist numbers, see ‘Canadians aer cancelling trips to Palm Springs amid tensions with Trump’, Los Angeles Times, April 10, 2025, page 1.

FIGURE 4: CANADIAN DOLLAR TO U.S. DOLLAR SPOT EXCHANGE RATE, JANUARY 1971 - APRIL 2025



- C\$/US\$ has remained fairly constant since September 2022, but appreciated by 6 percent recently
- Canadian dollar appreciated by roughly 40 percent from late 2007 to early 2016
- Regarding most other currencies (Euro, Yen, etc.), the U.S. Dollar has depreciated over that last year

### WHAT YOU CAN EXPECT

What makes the economic forecast more difficult than usual is the **high degree of uncertainty surrounding policies implemented by the new administration**. The political quasi-deadlock from 2021 to 2024 has been replaced by on again-off again policies on tariffs. Uncertainty results in private sector decision makers postponing investments both for firms and for households (residential construction). The Federal Reserve is in a holding pattern in its decision making, weighing potential price increases resulting from tariffs against negative labor market effects and large-scale layoffs in the public sector to labor shortages in residential construction and agriculture resulting from forced deportations of illegal immigrants. **As a result of these uncertainties, forecasting economic activity has become more difficult.** We have to weigh the negative effects from the just described uncertainties against the positive effects from policies on smart deregulation, potential increases in oil production, public investments in infrastructure and technology, paired with promises of Artificial Intelligence. Economists use certain “sensors,” or leading economic indicators, to forecast recessions. These variables typically ring alarms in time to allow for counter-cyclical policy or, at the regional level, policy actions that help mitigate the effect of an economic downturn.

Most of these sensors (inverted yield curve, stock prices below the levels observed a year ago, University of Michigan consumer sentiment index at lowest level since 2022, Conference Board consumer confidence index level of future expectations at lowest level since 2013, etc.) point to a recession in late 2025/early 2026. To summarize, market uncertainty remains elevated due to the speed of change of the policies being implemented, but **there are several structural factors that provide reasons for optimism about long-term economic prospects**. In particular, continued improvements in economic efficiency - driven primarily by technological advancements, in turn enabled by business’ capital expenditures - **will ultimately benefit both the goods and equity markets by fostering higher profitability.**

We believe that the most likely outcome is that the **nationaleconomy will continue to grow at a lower but positive rate over the next two years.**<sup>6</sup> The U.S. economy will be on the brink of stagflation, but will not contract. The current forward momentum, perhaps best compared to an oil tanker moving in a certain direction, will carry the economy through 2025. After all, even if you turn the rudder on a large ship, it will take time until it changes direction. The fundamental thesis of improved

economic efficiency through a reduced government footprint remains intact, but the transition path will be bumpy and therefore warrant careful attention.

The inflation rate will continue to remain above the 2 percent target in 2025/2026, which means that the Federal Reserve cannot lower interest rates significantly to provide stimulus to the housing market. Mortgage rates will not continue to fall as a result. Do not expect significantly higher sales activity in the housing market since owners will not be more tempted to cash in their gains and move into larger houses, thereby losing their current low interest rate mortgages.

Unemployment rates will increase slightly from the current levels. We do not make forecasts regarding financial variables such as the stock market, exchange rates, or oil prices. There are several caveats resulting from the situation in Ukraine and Israel, where an escalation, particularly with the latter, could result in significant oil price increases, although there is little evidence of this currently. Instead we see potential upsides from resumed economic growth in Europe, especially given the size of the fiscal stimulus in Germany.

Though we, and other economists, have focused on tariffs as the primary source of market uncertainty, we also understand that this perspective

may be overstated. The U.S. economy remains predominantly domestically driven, with tariffs having a greater impact on trading partners than on the U.S. economy itself. The more significant development in the policy trajectory stems from the speed of changes in Federal Employment, uncertainty around existing government contracts, and the reductions in the size of Federal departments. These shifts affect multiple sectors including healthcare, consulting, education, and financial services.

Bottom line: you can think of the U.S. economy as a building that is supported by four pillars, where the strongest support comes from the consumption pillar (the others being investment, government expenditures, and net exports). Any major damage to the consumption pillar and the building will crumble, no matter what the other three pillars do. There are some warning signs of the consumption pillar getting weak as noticed by the significant decline in consumer sentiment and confidence. The building will stay upright even if (some of) the other pillars weaken as long as consumption stays strong. And there are signs of problems with the other pillars: Clearly there are scenarios under which we will observe a recession in late 2025 or 2026. Furthermore, the state and regional economies will be more severely and negatively impacted by the higher tariffs announced on China.

TABLE 1: U.S. ECONOMY, PRESENT AND FORECAST, 2023 - 2028

United States	2023	2024	2025	2026	2027	2028
<b>Real GDP Growth</b>	<b>2.9</b>	<b>2.8</b>	<b>0.8</b>	<b>0.9</b>	<b>2.6</b>	<b>2.4</b>
<b>Inflation</b>	<b>4.1</b>	<b>3.0</b>	<b>3.2</b>	<b>3.0</b>	<b>2.8</b>	<b>2.5</b>
<b>Unemployment Rate</b>	<b>3.6</b>	<b>4.0</b>	<b>4.4</b>	<b>4.5</b>	<b>4.2</b>	<b>4.0</b>
<b>Employment Growth</b>	<b>2.2</b>	<b>1.3</b>	<b>1.2</b>	<b>0.2</b>	<b>0.6</b>	<b>0.9</b>

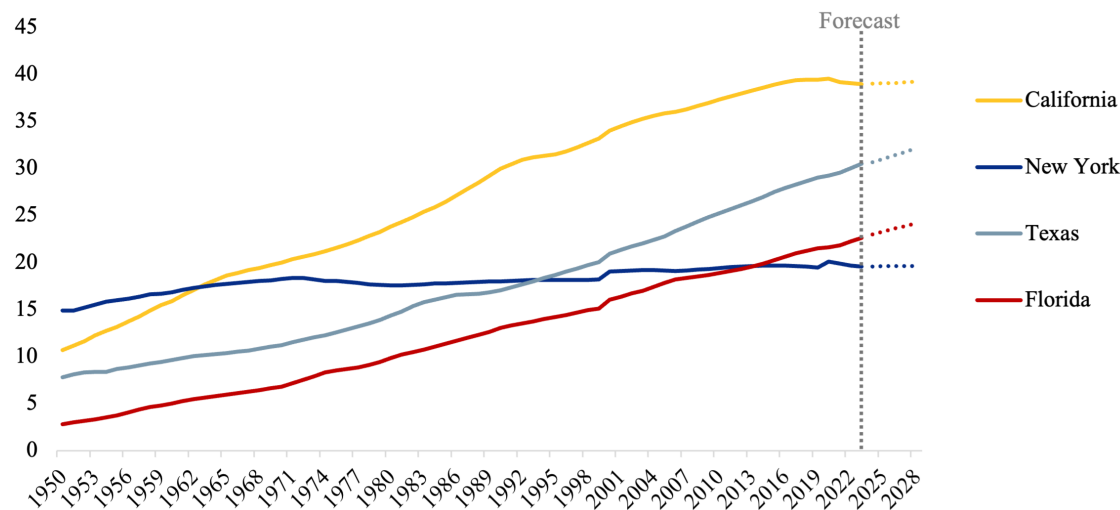
# ECONOMIC OUTLOOK

## CALIFORNIA

California lost a congressional seat due to a **decline in population** from 2020 to 2023 for the first time in its nearly 175 year history. By 2023, the population had shrunk to the 2015 level, largely due to a **net out-migration of people**. This exodus has been accompanied by high profile **firms** moving their

headquarters (Chevron, Oracle, Hewlett-Packard, Toyota, Jamba Juice, Tesla, Space X, etc.). On a more positive note: California’s population is growing again (slightly) in 2024, primarily due to the turnaround in international in-migration.

FIGURE 5: POPULATION IN MILLIONS, CALIFORNIA, NEW YORK, TEXAS, AND FLORIDA, 1950 - 2028 (PROJECTION)



- California is the most populous state in the U.S., followed by Texas, Florida, and New York
- Rankings can change over time: New York used to be the biggest state, but was passed by California, Texas, and Florida
- Population growth in California is flat since the start of the COVID-19 episode

The size of California’s Gross State Product ranks right behind Japan but is higher than that of India and the United Kingdom (it has overtaken Japan by some recent estimates). A better measure of the “wealth of a region” is per capita GDP. Here California remains in 4th place behind New York, Massachusetts, and Washington. Texas is in 17th place and Florida in 36th place.

The current performance of California’s **economy shows a mixed picture, at best, with warning lights flashing** due to the vulnerability of the state economy as the result of current employment patterns and federal policies. **California, more so than most other states, shows signs of a probable regional contraction**, although the annual growth rate of its

Gross State Product has gone from 2.0 percent in 2023 to a healthy 3.4 percent in 2024 (growth from a year ago). This number is over half a percentage point above the national real GDP growth rate for 2024, although it is largely due to abnormally high growth during Q1 of 2024; the annualized growth during Q4 2024 is actually quite low at 1.4 percent.

**Growth relied on just three sectors: Health, Public Education, and Logistics.** These sectors generated a little more than 290 percent of employment gains from February 2024 to February 2025, meaning that the **remaining sectors all lost jobs over the year**. The employment gain of the three sectors was close to 228,000 year-to-year, while the loss of the other sectors totaled roughly -150,000.



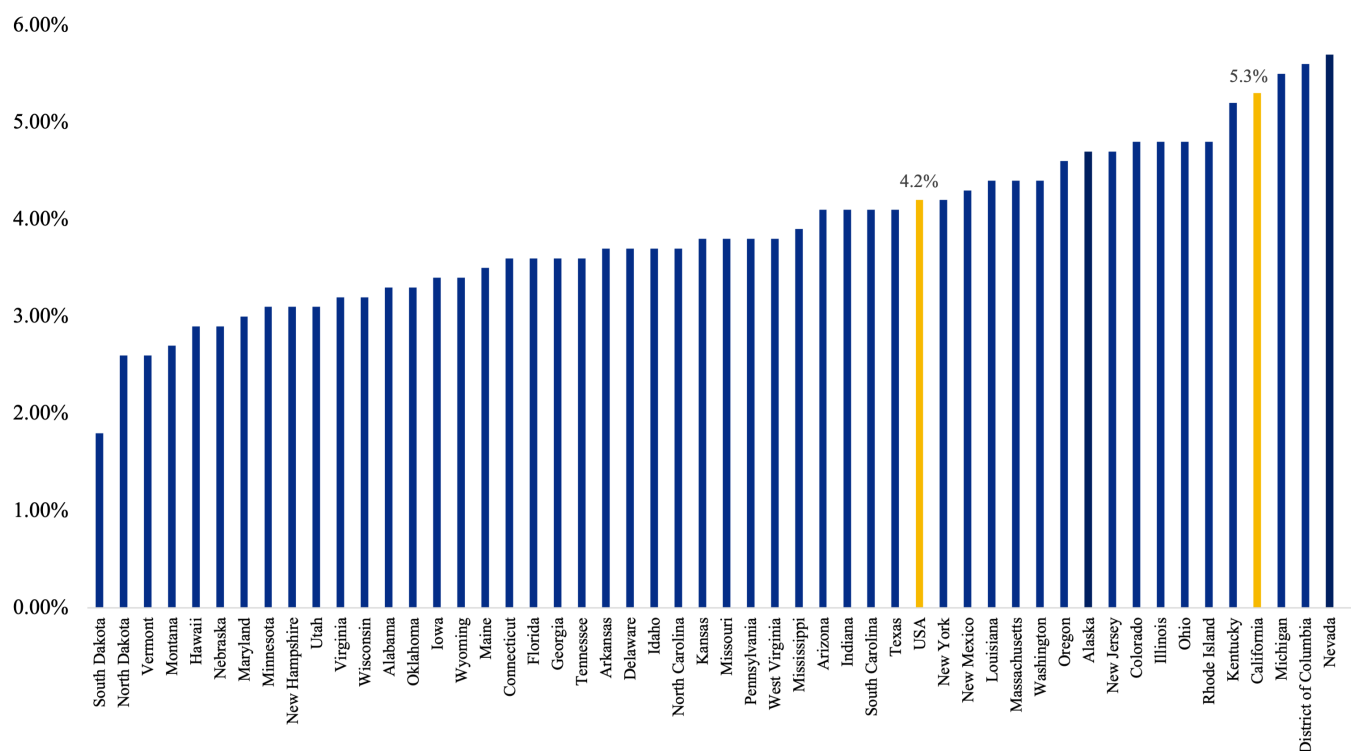
The bad news for California is that these three sectors are likely to be negatively impacted by policies on tariffs, health care cuts (medi-care), or by demographics in the K to 12 grade student body, which will result in cutbacks and layoffs in public education. The hope is that manufacturing will see a turnaround due to the artificial intelligence advances, and a recovering movie industry (Information sector). The question is whether or not this help will come in time to counter the negative effects emanating from federal policies. Expansionary monetary policy cannot be expected since lowering interest rates significantly, e.g. by 75 basis points or more, is unlikely for the rest of the year. Hence the (residential) construction sector will not experience stimulation from that source.

We expect California to have below national

growth rates for the next two years, with 2025 showing only small positive growth, which could turn negative given a slightly more negative shock to the economy than what we expect.

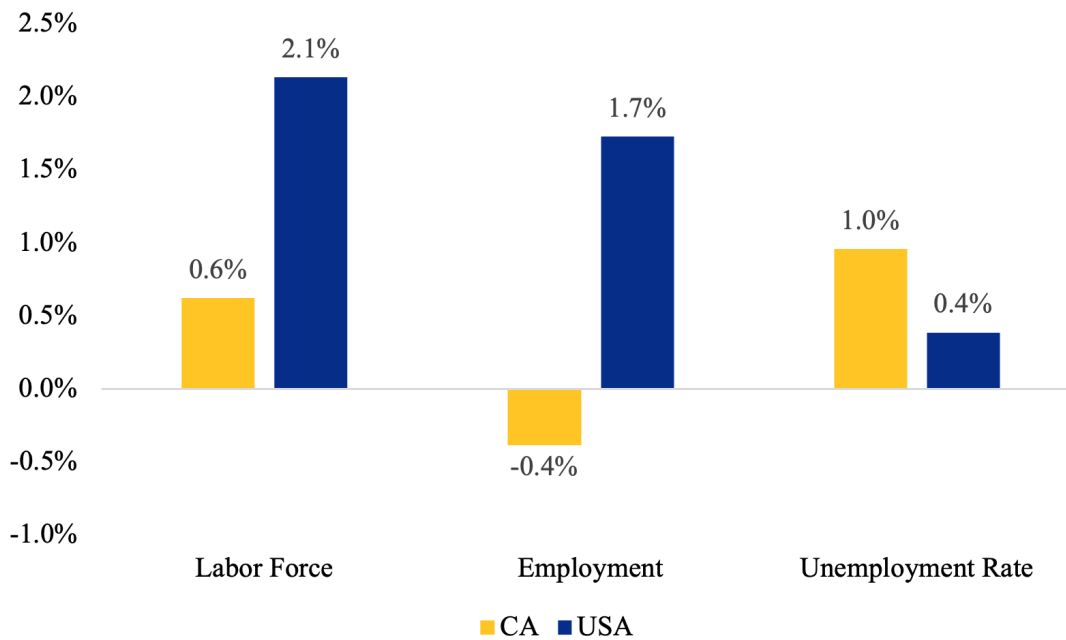
The March 2025 **unemployment rate** of 5.3 percent is the **third highest among U.S. states**, (Nevada and Michigan had higher unemployment rates). In general, California unemployment rates tend to be higher than the national rate, regardless of cyclical fluctuations. However, a difference of the current magnitude of 1.1 percentage points or more is unusual, and typically due to extraordinary factors such as the shutdown of military bases and the decline of the aerospace industry in the '90s, the burst of the housing bubble during the first decade of the millennium, or the particularly hard hit of the leisure and hospitality following the Coronavirus downturn.

FIGURE 6: U.S. STATE UNEMPLOYMENT RATES, SEASONALLY ADJUSTED, FEBRUARY 2025



- California has the second-highest state unemployment rate at 5.3 percent
- California unemployment rate levels are significantly higher than the national average (4.2 percent)
- Higher state unemployment rate is not a recent phenomenon, but can typically be observed over time

FIGURE 7: CHANGE IN UNEMPLOYMENT RATE, EMPLOYMENT GROWTH RATE, AND LABOR FORCE GROWTH RATE, CA AND U.S., SEASONALLY ADJUSTED, FEBRUARY 2020 - FEBRUARY 2025



- Change in the unemployment rate is approximately the difference in growth rate of labor force and employment
- Compared to pre-COVID-19 dates, California's unemployment rate has increased due to lower employment relative and a growing labor force
- U.S. economy shows a healthier picture with both labor force and employment increasing

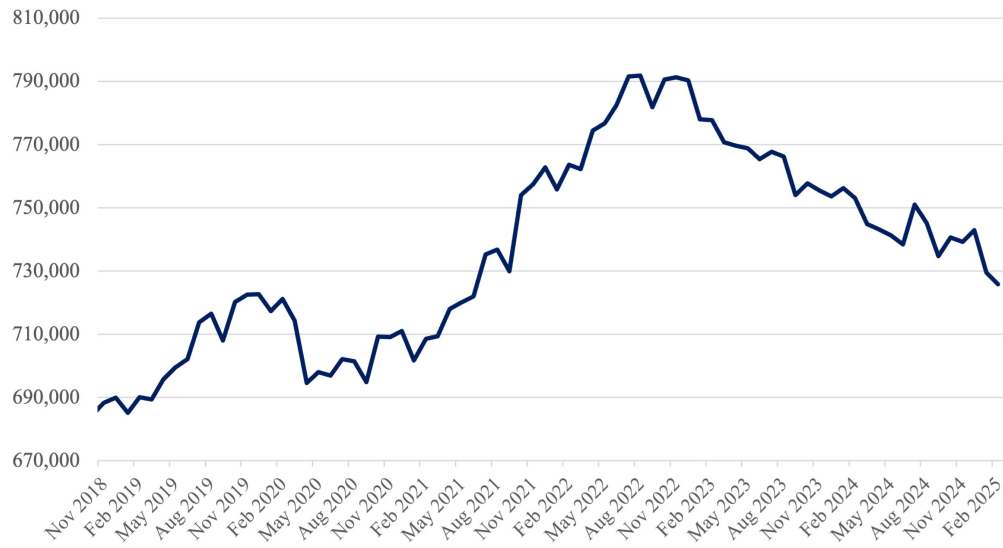
Focusing more on **developments from a year ago**, California employment grew by 92,000 according to the **household survey** and increased by 46,500 according to the **establishment survey**. This means that non-farm payrolls increased by 0.3 percent. Discrepancies between the two surveys are not unusual, especially for Riverside County (and San Bernardino County) where a large part of the difference is due to commuters. More importantly, the job growth that still occurs is not evenly spread across industries and/or regions: there will be regional variation with a **bifurcated recovery**. This time the **coastal regions are going to suffer more than the inland regions**.

Technology related jobs and employment in engineering are pillar industries for California.

Technology Services has seen a worrisome downward movement in employment from the peak in mid-2022. ChatGPT made its debut in December of 2022, and has since gained viral popularity along with many other generative AI systems. In 2024 it became a powerful force in business operations for technology companies (including both software and non-software sectors). Generative AI has come to support software development, computer architecture, and data processing. In a survey by Writer on the adoption of generative AI by companies in 2024, 82 percent of business leaders believed that the use of AI will experience rapid growth over the next two years. This projection highlights the increasing recognition of generative AI's value and its potential to reshape various aspects of business operations, including but not limited to tech firms.<sup>7</sup>

7. The State of Generative AI in the enterprise 2024, <https://writer.com/guides/generative-ai-survey/>

FIGURE 8: EMPLOYMENT IN TECHNOLOGY SERVICES, SEASONALLY ADJUSTED, CALIFORNIA, JANUARY 2022 - JANUARY 2025

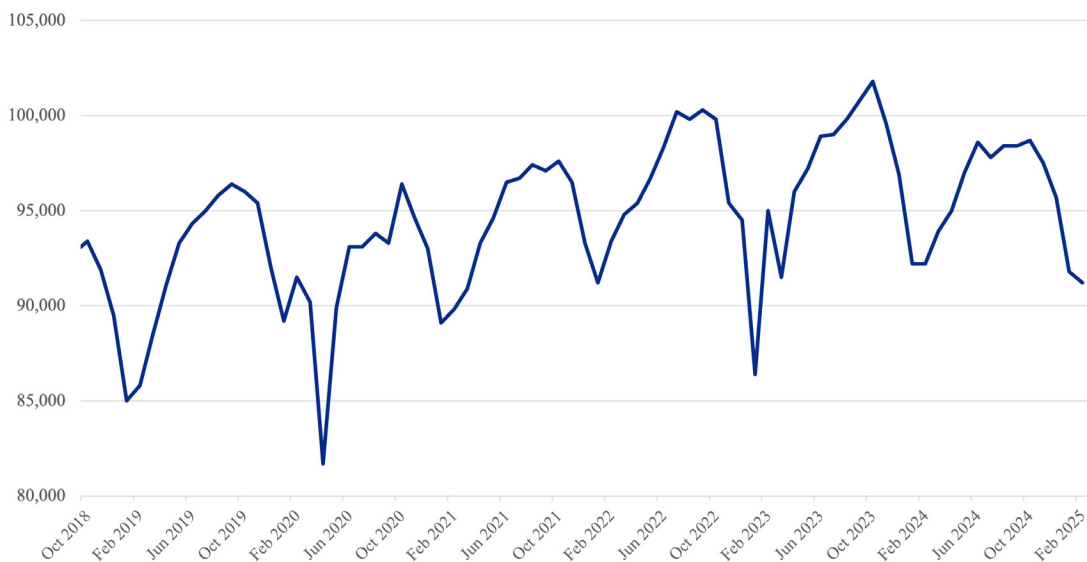


- Employment growth in Technology Services remains weak
- AI may be a principal reason for recent job displacement
- There is no sign yet of a recovery in job growth which remains negative through January 2025

Over the last year, Construction shed almost 15,000 positions, which does not suggest that there are a large number of new development projects underway. However, the lack of skilled laborers together with worker attrition is principally responsible for the total

workforce decline. The Heavy and Civil Engineering Construction sector, which particularly addresses the large volume of infrastructure projects underway in California at this time, has only modestly contracted.

FIGURE 9: EMPLOYMENT IN HEAVY AND CIVIL ENGINEERING CONSTRUCTION, CALIFORNIA JANUARY 2020 - JANUARY 2025



- Heavy and Civil Engineering is not contributing currently to employment expansion in the state
- The sub-sector continues to employ a significant portion of total construction employment in the state
- No further contraction is expected in view of the volume of projects now underway throughout the state

Employment in Manufacturing (not shown here) has not picked up either, with the whole sector contracting by 34,000 jobs over the last year.

### **COMMERCIAL REAL ESTATE**

As California's coastal markets face high housing costs and limited space, commercial real estate demand is shifting toward smaller metro areas like Sacramento, Fresno, and Bakersfield. These regions offer more affordable options, available space, and have become destinations for inward migration.

The California commercial real estate outlook for 2025 reflects a mixed but promising landscape. The industrial sector continues to thrive, primarily driven by e-commerce and California's strategic trade hubs. The demand for warehouse and logistics spaces is expected to grow strongly, except for in parts of the state where it will be limited due to environmental concerns (e.g. AB 98 in the Inland Empire). Retail spaces are evolving with a focus on experiential shopping, grocery-anchored centers, and high-end retail, maintaining steady leasing growth.

#### ***Industrial Market***

California's industrial market, characterized as tight just three years ago, has loosened significantly at year-end 2024. Vacancy rates have steadily risen due to a combination of new construction and natural attrition. The double-digit rent growth observed in 2021 and 2022 has slowed, reflecting the abundance of industrial space now available.

Potential trade restrictions threatened by the new administration and the resulting uncertainty is responsible for some of the current slowdown, but strengthening demand is expected due to supply chain growth and product demand that is not weakening.

#### ***Office Market***

The office market faces challenges due to the continuation of pervasive remote work as current vacancy rates in the principal office markets demonstrate. However, according to CoStar, flexible workspaces and tech-centric

There is no sign that onshoring of more business activity within California has happened so far.

markets appear to be leading the early recovery that is just beginning for the office sector.

There is limited new office construction and continued conversion away from office use, now creating positive net absorption in the office sector. This lack of construction and reduction in the overall office base offsets any office leasing contraction going forward.

The market continues to evolve in 2025, as businesses continue to incentivize employees to come into the office, and consequently, more workers are working more days in the office. The hybrid work ethic is still in flux however, and this has increased the demand for high-quality flexible office space. The market appears to be balanced now and should only strengthen through 2025.

#### ***Housing Market***

Existing home sales in February 2025 rose to the highest annualized rate in over two years. Home selling prices moved 6 percent higher compared to year ago values, and for-sale inventory jumped 31 percent. The latter development is a clear sign of cooling. Mortgage rates remain elevated at levels which have discouraged home buying, averaging 6.8 percent for the first three months of 2025. For the last 3 years, these financing rates which are twice the level of prevailing rates in 2020, have discouraged homeowners from selling their homes. This condition is now changing with higher levels of inventory now contributing to easing home price appreciation.

TABLE 2: INDUSTRIAL REAL ESTATE MARKET, SIZE AND VACANCY RATES, 2024 Q4

Market	Size (millions ft <sup>2</sup> )	Vacancy (%)
Los Angeles County	902	6.0
Inland Empire	743	4.9
Orange County	223	5.2
Ventura County	51	2.5

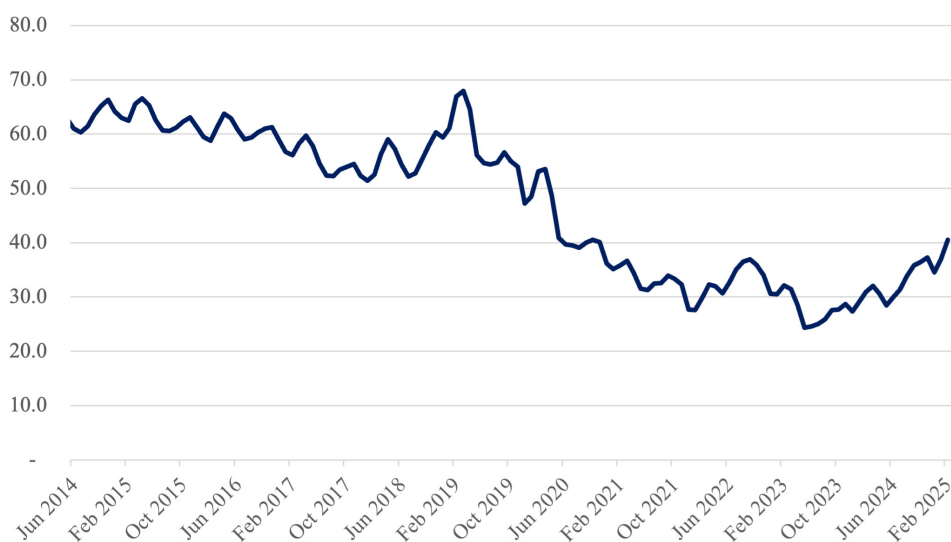
Source: NAI Capital

TABLE 3: OFFICE REAL ESTATE MARKET, SIZE AND VACANCY RATES, 2024 Q4

Market	Size (millions ft <sup>2</sup> )	Vacancy (%)
Los Angeles County	398	17.1
Inland Empire	66	5.5
Orange County	157	12.6
Ventura County	29	11.7

Source: NAI Capital

FIGURE 10: UNSOLD HOUSING INVENTORY, CALIFORNIA, FEBRUARY 2014 - FEBRUARY 2025



- Higher levels of housing inventory (compared to early 2023) are contributing to home price appreciation
- Compared to pre COVID-19 historical levels, unsold housing inventory is very low
- The temporary increase from late 2021 to early 2023 was temporary only

The recent uptick in sales has benefitted from a larger housing inventory. Selling value increases continue in all principal areas of the state.

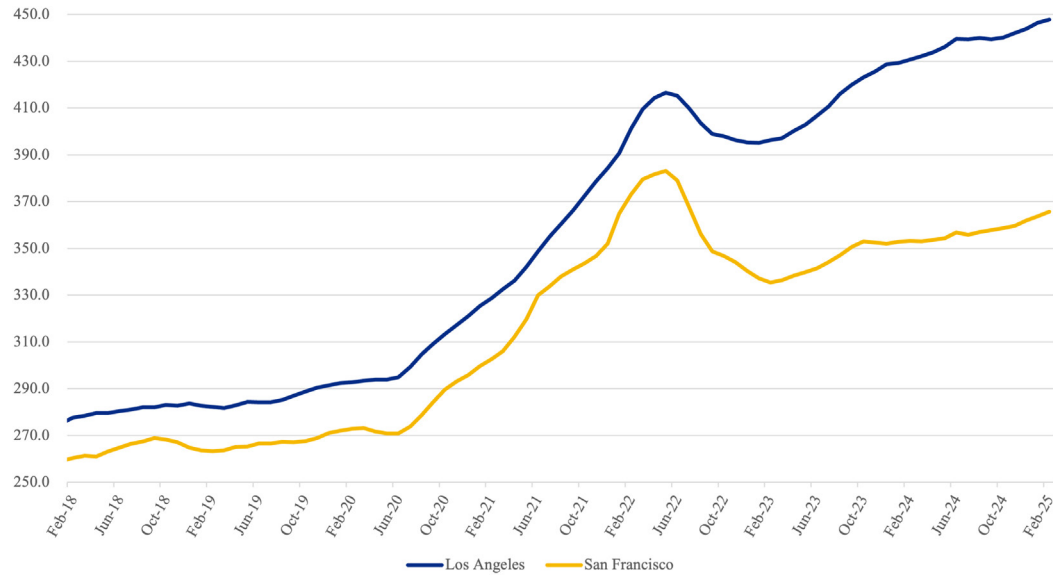
FIGURE 11: EXISTING HOME SALES, CALIFORNIA, SEPTEMBER 2018 - FEBRUARY 2025



- Existing home sales remain low and are similar to the early 2023 levels
- Relatively high home loan lending rates prevents owners to sell their homes
- Some of the modest sales increases are the result of higher inventories

The Case Shiller indices of home values for the Los Angeles and San Francisco metro areas rose 3.9 and 3.5 percent respectively over the last 12 months.

FIGURE 12: CASE SHILLER HOME PRICE INDEX, LOS ANGELES METRO AND SAN FRANCISCO METRO, FEBRUARY 2020 - FEBRUARY 2025



- The price increases seen since late 2022 have continued in the two major markets
- Los Angeles metro prices have risen relatively faster compared to San Francisco
- Los Angeles home prices have climbed above the 2022 peak, San Francisco's have not



New home production slowed in 2024 and remains modest over the first two months of 2025. Homebuilders have braced for the anticipated new environment of tariffs that may add to rising building material costs. They also are challenged by the rising costs of labor. Consequently, higher

cost pressures have manifested in lower levels of housing starts in California. Soaring insurance costs have contributed to the weakening of home builder sentiment because these costs turn away buyers and add to builders' risk insurance costs.

## THE 2025 OUTLOOK

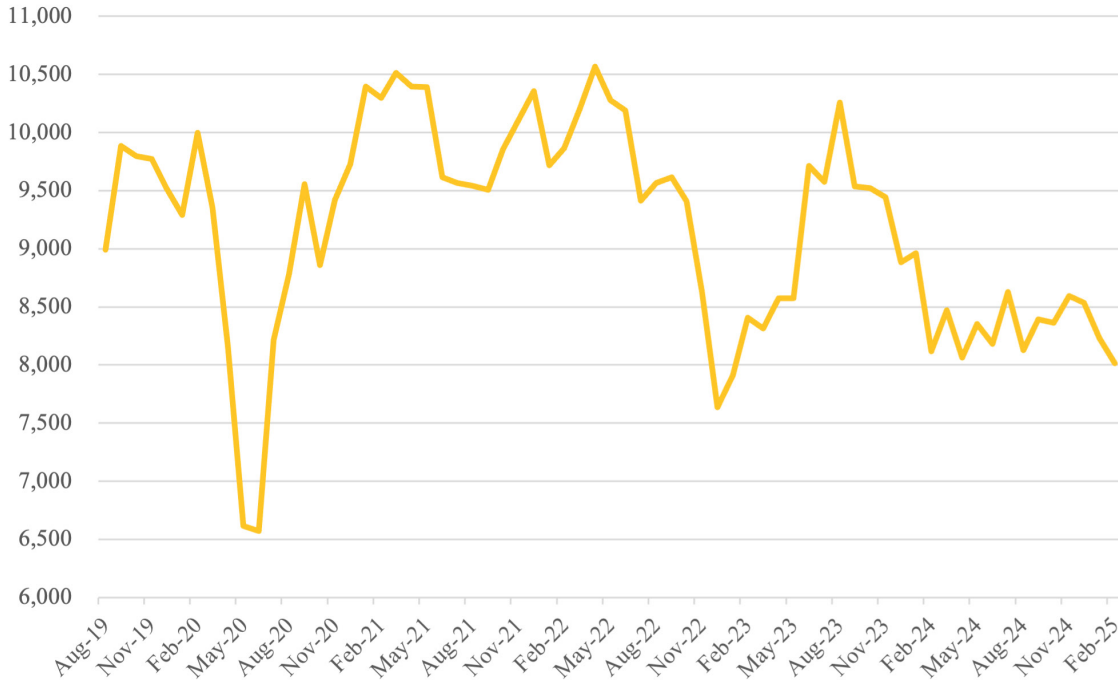
The California labor market is weak, judging either by unemployment rates or by its reliance on the vast majority growth in employment being concentrated in very few sectors that depend on public funding. We expect cutbacks in government expenditures to have a negative impact on employment in the Government and Health sectors. Of particular concern is also the relative decline of employment for the High Tech and Film (Information) industry. These industries will hopefully see a turnaround in 2025/2026. In addition, California received a disproportionate amount of the southern border immigration surge. This group of immigrants has shown a higher unemployment rate than native born workers in view of recent data.

Further indications for a weakening state economy are the relatively high vacancy rates in the office market and the low level of new housing permits. However, the outlook for the 2025 economy is more auspicious than a year ago. There is little hope that lower levels of inflation will result in more positive consumer sentiment and increased aggregate demand to make up for the depletion of household savings recently observed. Significantly lower interest rates which will provide a stimulus for these industries are improbable during 2025. This is especially true for sales in the new and existing home markets, but also in the industrial market.

Perhaps some stimulus will come from the Leisure and Hospitality sector as Chinese tourists return to visiting California. Airline passenger traffic is almost back to 2019 levels at the major airports. In anticipation, hotel construction is sharply higher

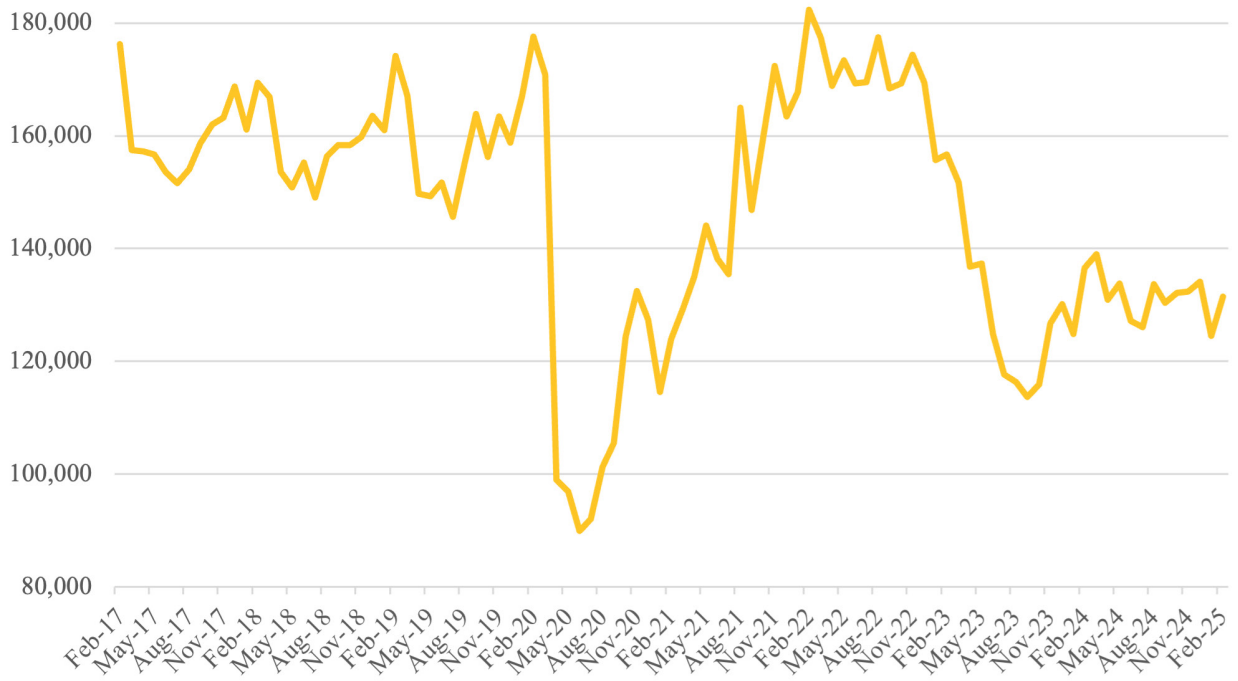
now already. While residential construction will favor the inland areas, there is much infrastructure work currently underway, and will continue to play a role according to the Governor's five year plan. Logistics will not play a more positive role in 2025 as tariffs on China and other Asian countries will start to show effects on trade flow volumes. Looking at the more distant future, we believe that the film industry will start to reverse its decline in importance in the Greater Los Angeles area, and that technology related job growth will resume starting in 2026. There is hope of additional impulses from the Aerospace industry related to defense spending and from medical device manufacturing. The bottom line is that we forecast geographically uneven development for California, with coastal areas less vibrant than inland areas. Different from the Great Recession of 2008/2009, the inland areas, including Riverside County, are in better shape than the coastal areas, where the brunt of the relative decline of certain sectors, such as Information (Film, TV, and Sound Recording) was felt. Some of the lost jobs in Hollywood are gone permanently, not just temporarily. However, laid off workers in that industry are not going to remain unemployed for years. Instead, they will move on to other lines of work (meaning they will drop out of the entertainment industry) or they will follow the industry to wherever it is moving (other states, countries). This adjustment will take time, though. There is one dark horse: Artificial Intelligence. It is not clear yet to what extent the increased use of AI will create jobs in the state, but there is strong upside potential here.

FIGURE 13: NEW RESIDENTIAL UNITS, CALIFORNIA, FEBRUARY 2019 - FEBRUARY 2025



- New residential units are still relatively low compared to levels seen in 2021 and 2022
- The increased number of units available in late 2023 was significantly higher than what we observe now
- The trend increase observed in 2023 did not continue

FIGURE 14: EMPLOYMENT, MOTION PICTURES AND SOUND, CALIFORNIA, JANUARY 2017 - JANUARY 2025



- The industry labor dispute occurred in 2023 from March through November
- Employment effectively crashed during the Actor's and Writer's strike
- Only a modest recovery in jobs has occurred since the resolution of the strike

TABLE 4: MAJOR ECONOMIC INDICATORS, CALIFORNIA, CURRENT AND FORECASTS

California	2023	2024	2025	2026	2027	2028
Real GDP Growth (%)	2.0	3.1.1	0.2	0.8	2.9	3.2
Inflation (% change in CPI)	4.0	3.1	2.3	3.0	2.8	2.4
Unemployment Rate (%)	4.7	5.3	6.2	5.8	4.8	4.4
Employment Growth (% change)	0.9	1.2	1.1	0.9	1.7	1.4
Population (thousands)	38.9	39.0	39.1	39.3	39.3	39.4



# ECONOMIC OUTLOOK

## RIVERSIDE COUNTY

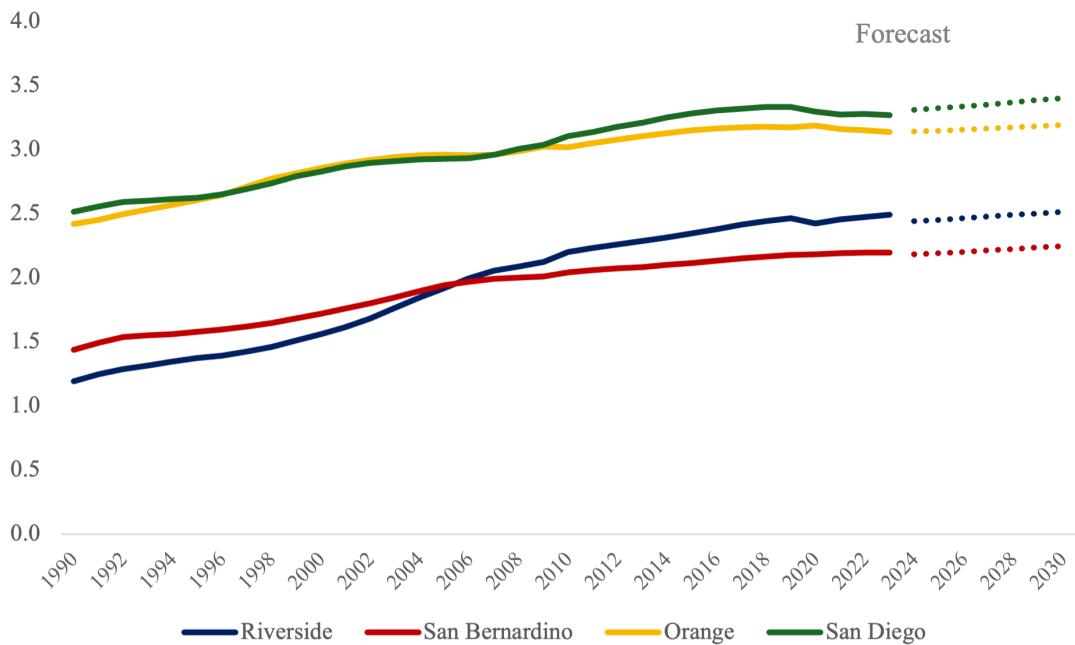
### CURRENT CONDITIONS

#### General: Population, Commuting, Housing

Riverside County is the fourth largest county in Southern California when measured by population. Together with San Bernardino County, the Riverside-San Bernardino-Ontario Metropolitan Statistical Areas (MSA) recently became the 12th most populous in the U.S. (4.7 million residents), passing the San Francisco MSA. There are roughly 385 MSAs consisting of one or two counties. New York-Jersey City-Newark is the largest, with Greater Los Angeles MSA (Los Angeles-Long Beach-Anaheim) in 2nd place. To realize the significance

of this, the Boston-Cambridge MSA is in 11th place (250,000 more residents and shrinking), with Greater Phoenix-Mesa in 10th. Together, Greater Los Angeles and the Inland Empire form the Los Angeles-Long Beach Combined Statistical Area (CSA). CSAs are made up, in general, of adjacent Metropolitan Statistical Areas (MSAs) with economic ties measured by commuting patterns. Hence when we analyze the Riverside County economy, we have to take into account its interaction with the other three counties in the CSA.

FIGURE 15: POPULATION, RIVERSIDE COUNTY, SAN BERNARDINO COUNTY, ORANGE COUNTY, SAN DIEGO COUNTY, ANNUAL, MILLIONS OF PEOPLE, 1990 - 2023



- Riverside County experienced the most significant population increase, with a growth of 109% since 1990
- The area's population dropped 1.7% in 2020
- Since 2006, Riverside County is more populous than San Bernardino County

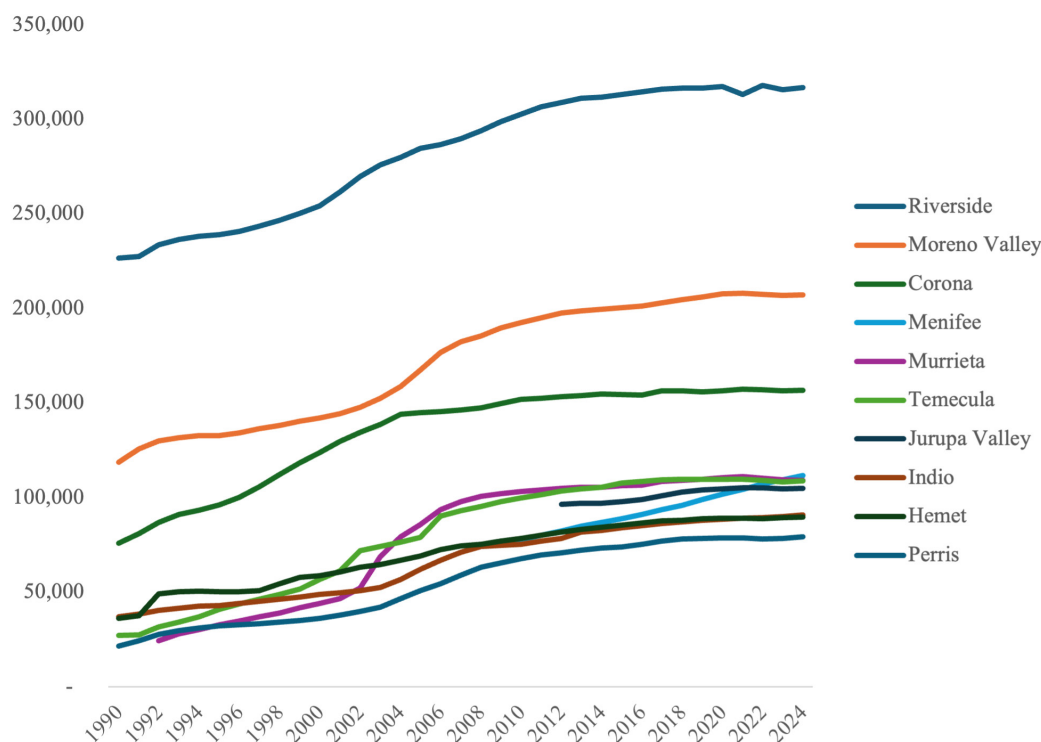


**Riverside County has approximately 2.5 million residents**, ahead of San Bernardino County with close to 2.2 million. 9.7 million people reside in Los Angeles County. San Diego County and Orange County have around 3.3 million each. The population of Riverside County has resumed growth previously interrupted by the COVID-19 episode and now has more residents than it had prior to 2020. Note that Riverside County was smaller than San Bernardino County until 2006.

There is variation in the number of residents among the ten **biggest cities** within Riverside

County. Some are larger by a significant number (**Riverside, Moreno Valley, Corona**) while the rest are bunched together. Menifee has seen significant growth recently and it is now in 4th place, perhaps at the expense of neighboring Murrieta and Temecula. The three cities at the southern tip of the I-15 together have approximately 300,000 residents. Corona was on the path to become the second largest city until about 2003, with Moreno Valley's growth slowing down significantly. However, the gap between the two cities has widened since then. In general, growth has slowed down following the housing bubble bust.

FIGURE 16: TEN LARGEST CITIES IN RIVERSIDE COUNTY, 1990 - 2024



- Growth in the ten largest cities has slowed since the Great Recession of 2008/2009
- The three largest cities (Riverside, Moreno Valley, Corona) are in a higher population category
- The three cities in Southern Riverside County are all at the same population level, with Menifee having made the most gains since its incorporation

The **second most important socio-economic characteristic** to understand Riverside County is the **number of commuters** who travel daily into the coastal area and back. Here Riverside County is at par with San Bernardino County, although significantly more commuters from Riverside County travel into Orange County, while San Bernardino commuters

end up more frequently in Los Angeles County. The numbers are remarkable relative to the overall labor force, and explain why the I-10/CA-60/I-210 and the CA-91 experience such slow moving traffic during rush hour. While Riverside County has more commuters leaving the county than San Bernardino County, the number of commuters into the coastal areas is almost

identical: Riverside County has 176,000, while San Bernardino County has 173,000. To put this into perspective, the number of commuters from Riverside County into the coastal areas is the equivalent of roughly half the population of the Coachella Valley being on the road (and on trains). Note that a larger number of commuters travel from Riverside County into San Bernardino County than the reverse.<sup>8</sup>

TABLE 5: COMMUTERS, RIVERSIDE COUNTY AND SAN BERNARDINO COUNTY, ORIGIN AND DESTINATION, 2022

	INTO San Bernardino	FROM San Bernardino	INTO Riverside	FROM Riverside
San Bernardino	---	---	78,500	114,000
Riverside	114,000	78,500	---	---
LA County	61,000	133,000	17,000	53,000
Orange	13,000	37,000	16,000	76,000
San Diego	1,000	3,000	7,000	47,000
<b>Total</b>	<b>189,000</b>	<b>251,500</b>	<b>118,500</b>	<b>290,000</b>
<b>Share of Total Empl</b>	<b>23%</b>	<b>30%</b>	<b>14%</b>	<b>34%</b>

The third most important characteristic to know if you want to understand the dynamics of Riverside County is related to its **housing market**. Table 6 gives you information on median prices and year-to-year changes in sales for Riverside County, and compares this to other areas in Southern California. Home selling values are at all time record highs, having overcome the price correction in early 2023. The principal reason for higher prices is the lack of inventory though this metric is now increasing leading to a softening of the housing market. It has also constrained supply proportionately more than demand.. Housing prices are also higher than in San Bernardino County.

The bottom line is that a significant number of Riverside County residents are willing to undertake long and tedious commutes into the coastal areas because they cannot afford housing there. They would prefer to work in Riverside County or the Inland Empire, but jobs there, on average, are not as well paying as they are in the coastal areas: hence the commute.

TABLE 6: MEDIAN SINGLE FAMILY HOME PRICES, CHANGE IN PRICE AND SALES, 2024-2025

County	Single family Home Sales			Single Family Median Selling Price		
	2023	2024	percent change	Feb-25	Feb-25	percent change
San Diego	14,458	15,426	6.7	\$980,000	\$1,040,000	6.1
Los Angeles County	33,292	34,519	3.7	\$817,100	\$852,190	4.3
Orange County	12,396	13,112	5.8	\$1,350,000	\$1,465,500	8.6
Riverside County	20583	21210	3.0	\$636,000	\$646,840	1.7
San Bernardino County	15,656	15,538	-0.8	\$477,070	\$490,000	2.7
Ventura County	4009	4289	7.0	\$890,000	\$969,500	8.9
Southern California	101,100	104,761	3.6	\$825,000	\$866,400	5.0
California	203,401	213,414	4.9	\$806,490	\$829,060	2.8

Source: Sales: Redfin, March 2026  
Prices: California Association of Realtors, March 2025

8. The distance from Moreno Valley to Anaheim is 47 miles. Driving at 60 mph, the round trip would take roughly 1 hour and 40 minutes. Leaving Moreno Valley on a Thursday at 7am and returning from Anaheim at 4pm., the trip will take 3 hours and 20 minutes.



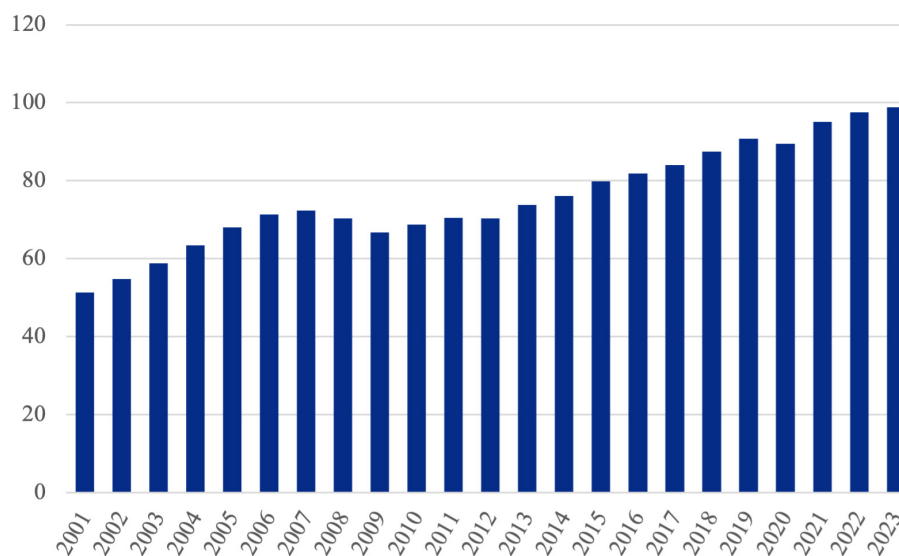
Existing home sales moved slightly higher in 2024 and selling values continue to rise to all time record highs in all Southern California housing markets. Home price appreciation is moderating, clearly for Riverside and San Bernardino Counties in February 2025. Note that this description of commuters also explains why the Inland Empire has the “First In, Last Out” attribute attached to it regarding business cycles. Consider there being three types of employees in the Southern California area: those who work and reside in the coastal areas (Type A), those who commute from the Inland Empire (Type B), and those who work and reside in the Inland Empire (Type C). Type B must be endowed, on average, with higher human capital than Type C, otherwise they would not undertake the tedious and costly commutes, since clearly they would prefer to work in Riverside County (or possibly San Bernardino County) if the salaries were higher. The commuters also must have lower human capital than Type A, because otherwise they could afford to live in the

coastal areas. Assume that economic activity starts to slow down in the coastal areas: Type B workers will be laid off first before Type A lose their jobs. But unemployment is measured by residency, and therefore unemployment rates in Riverside County will go up while in the coastal areas they remain the same initially. The reverse is true in the recovery: lakes freeze from the periphery and melt from the center. Hence it appears as if the inland regions are a leading economic indicator for the coastal regions.

### ECONOMIC CONDITIONS: GROSS COUNTY PRODUCT

Turning to **economic conditions**. The latest available data for **real GDP**, the most general measure of economic activity within the region, show that Riverside County’s real Gross County Product grew at a rate of 1.4 percent in 2023.<sup>9</sup> Note that GDP does not measure the output produced by commuters. This is a **slow growth rate** when compared to the nation (2.9%) and the state’s performance in 2023 (2.0 percent). The fastest expanding sectors were

FIGURE 17: GROSS COUNTY PRODUCT, \$ BILLIONS OF 2017 DOLLARS, RIVERSIDE COUNTY, 2001 - 2023



- By 2021, real Gross County Product recovered the losses from the COVID-19 downturn, faster than the recovery from the Great Recession
- 2023 real Gross County Product growth was positive but low compared to historical levels
- Riverside County’s lower output growth in 2023 reflects lower growth for the state

9. The U.S. Department of Commerce, Bureau of Economic Analysis only releases annual county GDP, and with a substantial delay. The 2024 publication will not be available until early December of 2025.

10. We listed these three sectors in terms of their contribution to Gross State Product Growth. This does not necessarily coincide with employment growth from a year ago, which only focuses on workers added, not their contribution to output added. For employment numbers, check the report below.

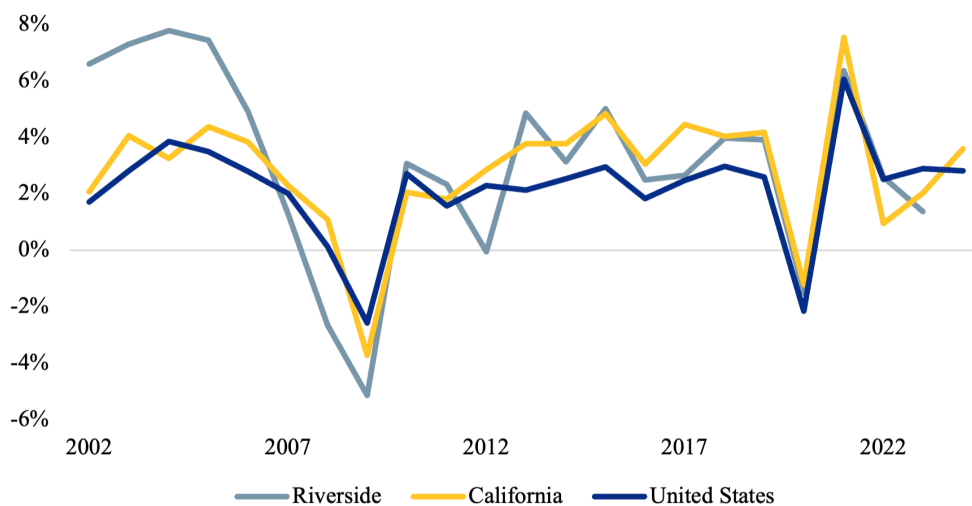
Information, followed by the Retail Trade, and the Government sector (especially Local Government).<sup>10</sup> Note that Riverside County only took one year to recover the lost output from the Coronavirus downturn. This is very different from the **Great Recession recovery**, when **Riverside County did not reach 2007 pre-recession levels until 2013 or six years later**. Riverside County was one of the epicenters of the burst of the housing bubble and the initial recovery took much longer here than in the state and country. U.S. real GDP had recovered by 2010, and California's by 2011.

In order to have a gauge of how well an area is doing over time, we should compare the growth rate of the Gross County Product with the growth rates of the Gross State Product (of California) and

the Gross Domestic Product (of the U.S.). Gross County Product is not available prior to 2000.

Before the Great Recession, Riverside County saw truly amazing growth rates of 6% or more (by comparison, U.S. real GDP has grown at an annual average of 3% since 1896 and slightly less recently). To understand growth rates of this magnitude, note that a growth rate of 7% a year implies that it will only take roughly 10 years for output to double. The Great Recession hit Riverside County early and particularly hard in 2008. During the 2013-2019 period, both Riverside County's output and the state output grew at similar magnitudes, and certainly outpaced growth in the nation. Over the last two years, growth in the county has been lower than that at the national level, and lower than California's for 2023.

FIGURE 18: REAL GDP GROWTH RATES, RIVERSIDE COUNTY, CALIFORNIA, AND THE UNITED STATES, 2001 - 2024

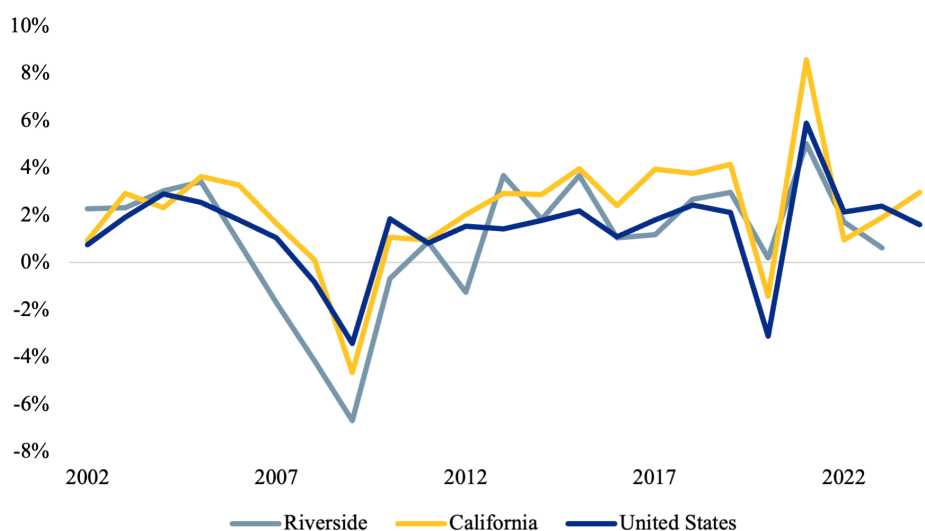


- Riverside County saw extremely high growth rates in real GDP until the Great Recession
- The county took longer to recover lost output in post 2009 recovery
- There were higher growth rates mirroring the state output growth in the run-up to the COVID-19 downturn

Growth in output, however, depends to a large extent on the growth in the labor force. In the short run, growth in the labor force is particularly sensitive to changes in the population in the form of immigration of people. A better measure of how much the “wealth of the region” is improving is when we take into account the number of residents in the area. This is called the **per capita Gross County Product**. Riverside County's earlier stunning

performance is less impressive when we realize that much of the growth in output was generated by a relatively large inflow of residents. The Great Recession now looks definitely worse with per capita growth rates basically being negative for six years (for the county, this must have been the “Really Great Recession”). The recovery was solid but not spectacular when compared to the state recovery. Growth over the last three years is less impressive.

FIGURE 19: REAL GDP PER CAPITA GROWTH RATES, RIVERSIDE COUNTY, CALIFORNIA, AND THE UNITED STATES, 2001 - 2023



- Per Capita growth rates are less impressive early in the new millennium
- The Great Recession was particularly painful when measured by per capita real GDP growth
- Riverside County's recent performance is less impressive

### Labor Market

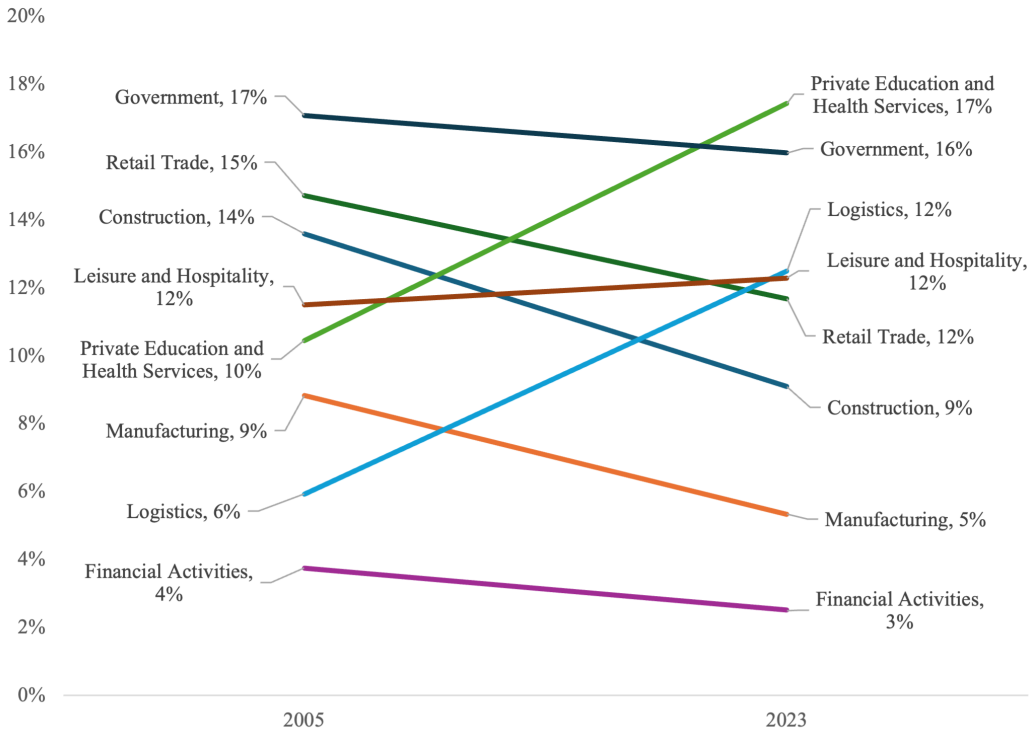
**Labor market** data at the county level is available until December 2023 - or even until February 2025 if we look at either the household survey, or both the household survey and the establishment survey for Riverside County and San Bernardino County combined (Inland Empire). The data show large employment increases starting in May of 2020, at the end of the Coronavirus downturn. It only took until October 2021 for the county to retrieve all jobs lost. Since then, the county has added another 59,300 non-farm jobs. At the end of December 2023, there were 838,500 workers in Riverside County. The **three largest employment industries were: (i) Private Education and Health Services (17.4 percent of all jobs), (ii) Government (16.0 percent), and (iii) Logistics (12.5 percent),** generating just below 50 percent of total employment.

These three sectors were not always as dominating in Riverside County. It is informative to compare the employment share in 2023 with the situation just before the burst of the housing bubble in 2005

(Figure 20). Note the sharp increase in Education and Health Care (primarily driven by Health), and in Logistics. Construction and Manufacturing have seen significant declines, which is not surprising since the Great Recession sometimes was referred to as a “Manceession.” Most of the jobs lost then were in the two industries dominated by males.

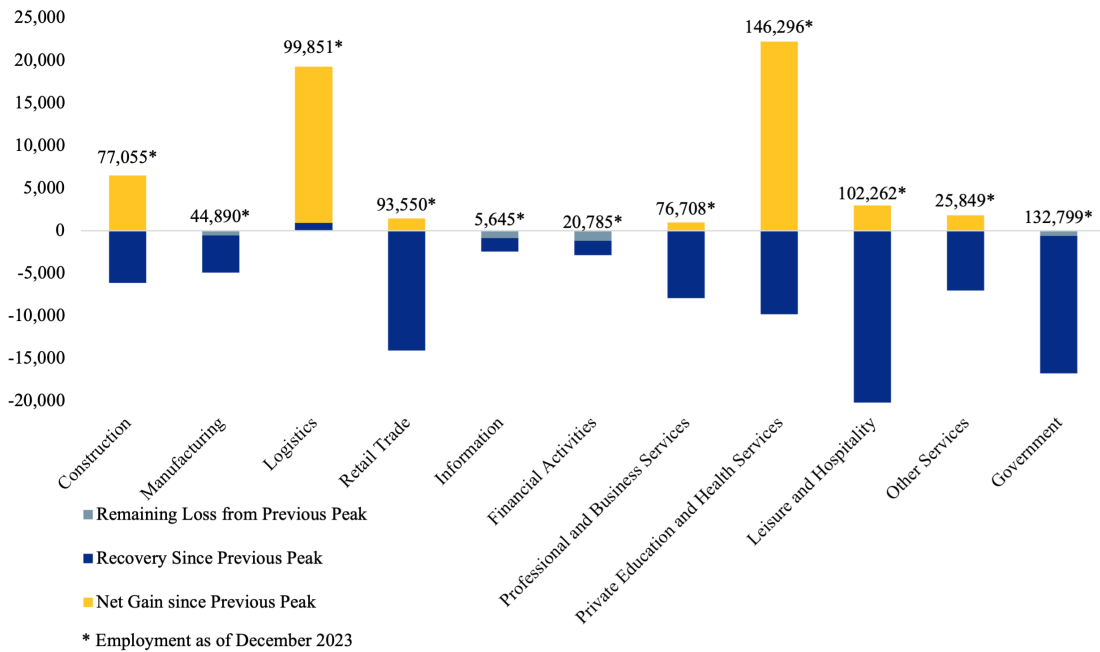
Of course recovering all jobs in the aggregate does not mean that each sector has done so, or that the expansion has been equal across sectors. It is well-known that the COVID-19 downturn primarily affected employment in the Leisure and Hospitality Sector, Retail Trade, and Health Services (somewhat surprisingly, at first; however patients avoided going to hospitals and/or see doctors, including dentists, if at all possible). “Other Services” (Spas, Manicure and Pedicure, Tattoo Parlours, hairdressers, etc.) was also heavily affected, but the sector simply does not have a large number of workers to make a difference in the aggregate.

FIGURE 20: CHANGE IN INDUSTRIAL SHARE OF EMPLOYMENT, RIVERSIDE COUNTY, 2005 AND 2023



- Health Services and Logistics have seen the largest employment share increases over time
- Manufacturing and Construction are the biggest losers, followed by Retail Trade
- The three largest employment sectors are now Health Services, Government, and Logistics

FIGURE 21: CHANGE IN EMPLOYMENT BY SECTOR, RIVERSIDE COUNTY, SEASONALLY ADJUSTED, FEBRUARY 2020 AND DECEMBER 2023

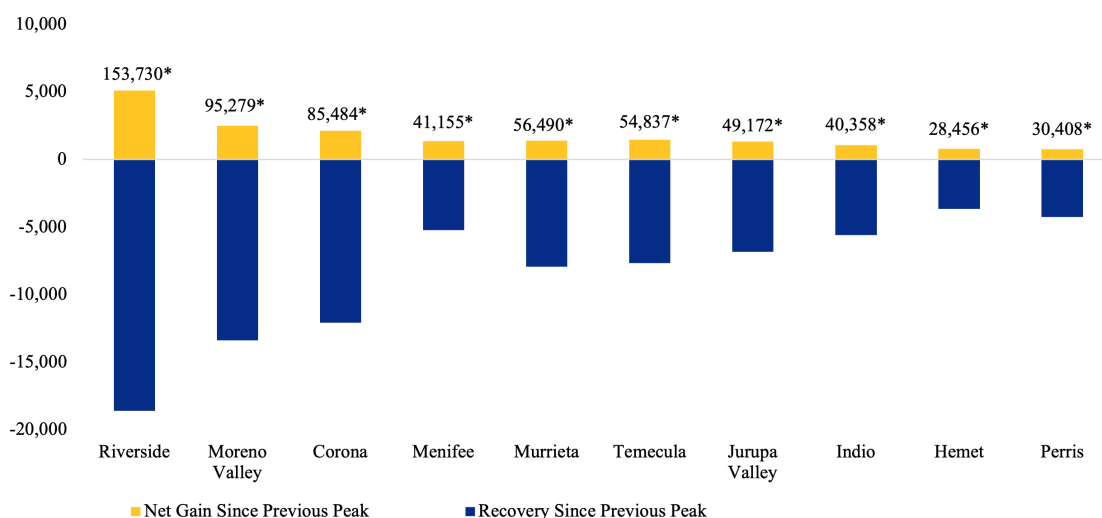


- Leisure and Hospitality saw the largest employment decline following the COVID-19 crisis, followed by Government, Retail Trade, and Health Services
- Leisure and Hospitality not only recovered all jobs lost, but has expanded compared to February 2020
- Manufacturing, Information, Financial Activities, and Government still have not fully recovered

Figure 21 shows the initial impact on the sectors (in blue) and the subsequent recovery/expansion (in yellow) until December 2023. The Logistics sector never contracted (using monthly data) and shows the second largest expansion. Health Services, which had heavy job losses initially, not only recovered all positions lost but led in terms of employment expansion. Manufacturing, Information, Financial Activities, and Government have not returned to February 2020 level of employment. Note that Leisure

and Hospitality has seen an expansion since then. Given that the ten largest cities in Riverside County have different industrial compositions, and are of different population size, it is not surprising to see that they show different paths during the shutdown and the subsequent recovery. The City of Riverside lost close to 18,000 jobs, but it is three times the size of Murrieta and Temecula, both of which had about 7,500 fewer workers. Riverside also seems to have done relatively well in the recovery.<sup>11</sup>

FIGURE 22: CHANGE IN EMPLOYMENT, TOP 10 CITIES IN RIVERSIDE COUNTY, SEASONALLY ADJUSTED, FEBRUARY 2020 & JUNE 2024



- The City of Riverside was most affected by job losses, but also has gained the most subsequently; not surprisingly given the size of the city
- Job losses during the COVID-19 follow size differences in the labor force of the cities with a few exceptions
- Menifee seems to have performed slightly better than expected given its relative size

The **initial recovery phase (second half of 2020 and early 2021)** was more beneficial for the inland regions. The **bifurcated recovery** favored Riverside County (and San Bernardino County) due to the role that the Logistics industry (Warehousing, Transportation, Wholesale) played here. There was already an increased trend in online purchases of goods prior to the pandemic, which accelerated due to the shut down of in-person shopping. Amazon, in particular, but also large retailers, increased deliveries. This, and continued container import shipments from Asia through the Ports of Los Angeles and Long Beach, also required an expansion in warehouse spaces - *The Economist*

magazine now refers to the Inland Empire as the “warehouse capital of the world.” Similarly, the real estate company CBRE just announced that the Inland Empire has the largest number of industrial leases in the U.S. during the first half of 2024.

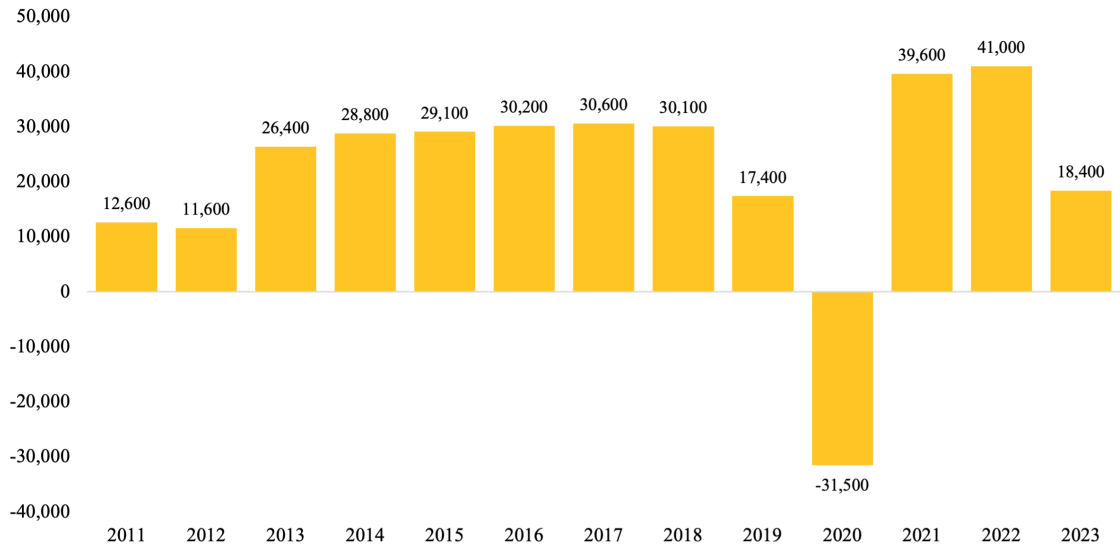
This development can clearly be seen in **year-to-year changes in employment growth** (measured from the establishment survey - meaning jobs created within Riverside County, ignoring commuters). The job loss of 31,500 in 2020 was erased by a gain of 39,600 in 2021. It is **2022 that is the outlier** with a 5.4% rate of growth. While the **2023 gain of 18,400 or 2.3%** growth is similar to what Riverside County

11. It is relatively easy to calculate percentage changes given that we provide the total employment in the graph.

observed in the pre-COVID-19 year of 2019, it is **significantly lower than the job growth seen during the years 2013 to 2018** - a “soft patch” to say the least. An astonishing 75% of all new jobs

created since October 2021 were concentrated in just three sectors: Private Education and Health Care, Government, and Leisure and Hospitality.

FIGURE 23: JOBS CREATED, RIVERSIDE COUNTY, 2011 - 2023



- Employment growth is low in 2023 when compared with the two years following the Coronavirus downturn
- More worrisome, in 2023 it was significantly below the typical value seen from 2014-2018
- Employment growth in 2019 was also lower and many forecasted an economic recession for 2020. Instead the COVID-19 event happened, which obviously could not be predicted

The **largest gains** came from just three sectors: (i) Private Education and **Health** (10,400), (ii) **Government** (8,500), and (iii) **Construction** (4,800). These three sectors created more jobs than the total number of new positions, meaning that the other sectors had a net loss. **92% of the additional employment was simply generated by Private Education and Health, and Government.**

The two sectors that caused the **slower aggregate hiring** due to layoffs were the **Logistics** Sector, and **Professional and Business Services**, especially during the first part of 2023.<sup>12</sup> Initially some interpreted the slowdown in the Logistics sector as being related to the dockworkers strike at the two major ports, since there was a reduced flow of cargo volumes into the warehouse and distribution. However, the resolution of the labor dispute did

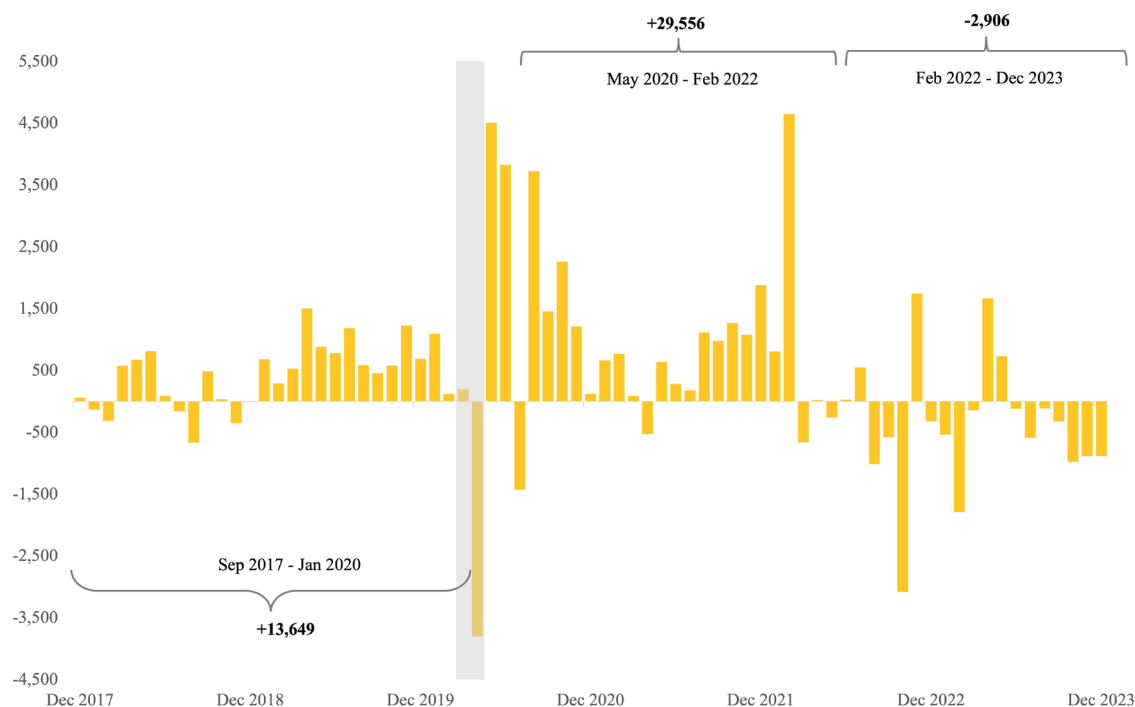
not result in higher employment levels and jobs continue to have declined by significant numbers.

Note that almost 105,000 employees work in the Logistics Industry. With hindsight, it seems that the Logistics industry was overly optimistic in terms of its future, perhaps extrapolating the employment gains since the pandemic into the future, and being worried about finding sufficient workers for the increased demand. Employers did not correctly predict the shift back of consumption from durable goods to services (restaurants, hotels, etc.). This has resulted in major layoffs in the Logistics industry and a coinciding decline in value added. While the **Logistics** industry clearly has expanded in Riverside County compared to February 2020 (the last month of the previous expansion), it has contracted from its peak in mid 2022.

12. Since these numbers are from the establishment survey, they do not include slower hiring in the coastal areas in the Professional and Business Services sector.



FIGURE 24: CHANGE IN EMPLOYMENT, LOGISTICS, SEASONALLY ADJUSTED, RIVERSIDE COUNTY, SEPTEMBER 2017 - DECEMBER 2023



- The Logistics industry saw a massive expansion starting in 2018 prior to the COVID-19 event and is at roughly 100,000 employees currently
- The hiring boom intensified with the Coronavirus downturn and the initial recovery
- Since 2022, and especially the middle of the year, the Logistics industry has contracted

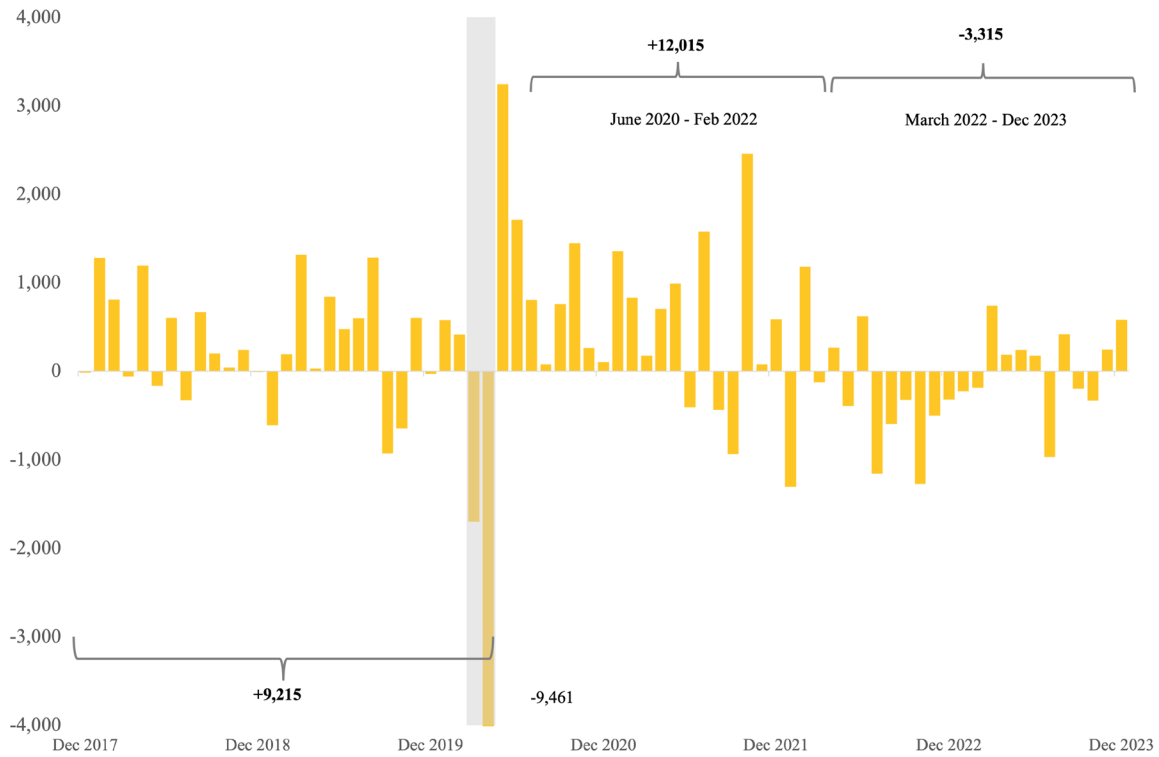
Data for 2024 are not yet available at the county level. However, employment data for the Inland Empire show that the adjustment process is over and that the Logistics industry has seen small job gains in 2024. The correct image is a large expansion, followed by a much smaller downward correction, and stabilization at that newer level more recently.

While **most of the year-to-year decline in employment in Riverside County is related to the Logistics industry**, the **job losses in Professional and Business Services**, while not of the same magnitude, are perhaps more worrisome. The sector employs fewer people (80,000) but generates more value added than the logistics sector; also, you would hope that over the next 20 years or so, this

sector will expand significantly to allow for fewer people to commute to office jobs in the coastal regions. While we have argued that the Logistics sector is simply adjusting from overly optimistic projections, the same argument cannot be made here. The recent losses in the industry have nearly wiped out much of the gains we saw in 2021. This could be an alarm signal for an overall economic slowdown.

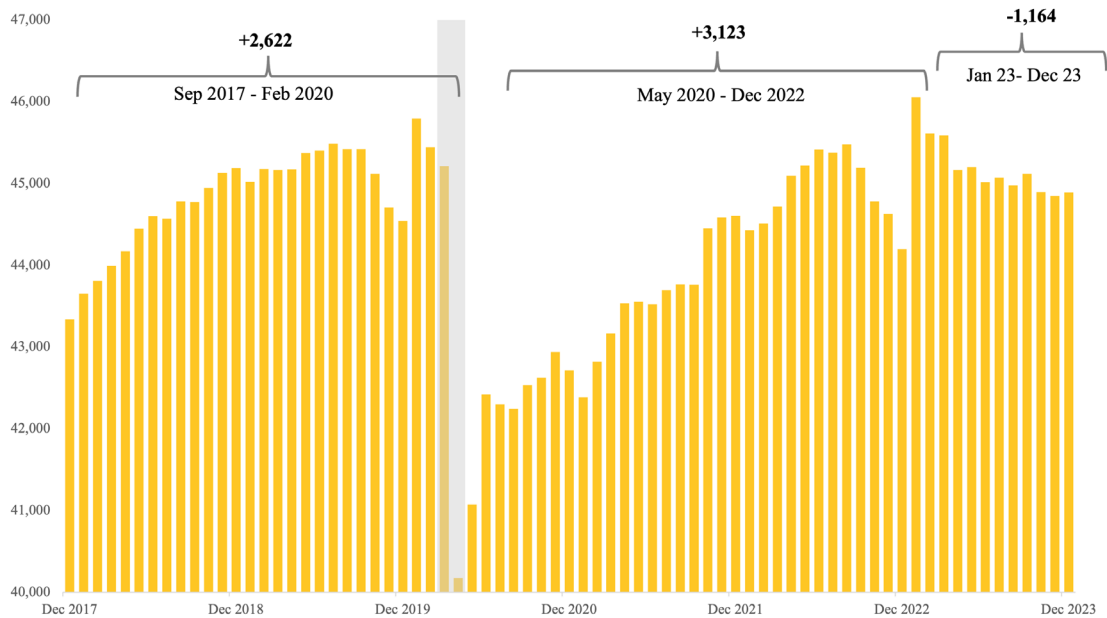
Manufacturing and Real Estate were weak, but not contracting. Note that while manufacturing is a relatively high value added sector, only 1 out of 20 workers in Riverside County are employed here. The sector has lost importance over time, similar to the Construction sector.

FIGURE 25: CHANGE IN EMPLOYMENT, PROFESSIONAL AND BUSINESS SERVICES, SEASONALLY ADJUSTED, IN THOUSANDS OF JOBS, RIVERSIDE COUNTY, SEPTEMBER 2017 - DECEMBER 2023



- Professional and Business Services have seen the second most year-to-year job losses recently
- While the sector is not among the top three top employment sector, there are roughly 80,000 positions here
- Given the profile of commuters, you would hope to see continuous employment expansion in this sector

FIGURE 26: CHANGE IN EMPLOYMENT, MANUFACTURING, SEASONALLY ADJUSTED, IN THOUSANDS OF JOBS, RIVERSIDE COUNTY, SEPTEMBER 2017 - DECEMBER 2023

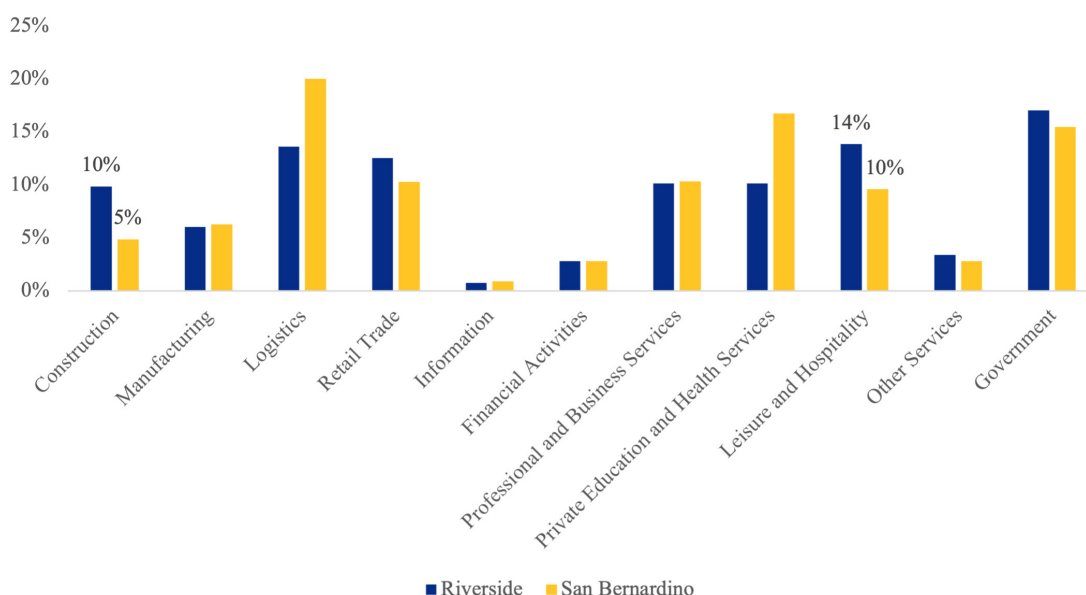


- Manufacturing recently is consistently shedding small number of jobs, with the exception of one relatively large hiring spike
- The relative decline in this sector is a reflection of manufacturing shrinking both at the national and state level
- Only 5% of all jobs in Riverside County are in Manufacturing

As a final analysis of employment, we compare the employment share between Riverside County and San Bernardino County. While the industrial composition is similar, there are some important differences: San Bernardino County has a significantly higher share of employment in Logistics and Health Care, Riverside County employs more people (percentage wise) in Construction and in Leisure and Hospitality; the

other sectors look very similar. Existing labor shares between the two counties remained relatively constant (as measured by the sum of absolute differences) between 2006 and 2019, but somewhat increased as a result of the Coronavirus downturn and the subsequent recovery. Note also that the picture looks strikingly different if we perform the same analysis between Riverside County and the coastal areas.

FIGURE 27: SHARE OF EMPLOYMENT BY INDUSTRY, RIVERSIDE COUNTY AND SAN BERNARDINO COUNTY, 2023



- Riverside County has a relatively higher share of employment in Construction and Leisure and Hospitality
- San Bernardino County has a relatively higher share in Logistics and Health Services
- The employment share differences in the other sectors are negligible

## Unemployment

Shifting from employment to unemployment, we note that the unemployment rate in Riverside County increased from 3.9 percent to 5.2 percent from mid 2022 until now, which is a significant jump. The February 2025 unemployment rate is still low by historical standards (see Figure 28), but not particularly low if we look at business cycle peaks (unemployment rates just to the left of the gray shaded areas).

The overall unemployment rate for the county masked quite some large variation across the cities within the county. Table 7 shows the unemployment rate of the 15 largest cities within Riverside County. Note that the lowest unemployment rate observed in 2022 is a substantial level below the unemployment rate of the City of Coachella. These differences

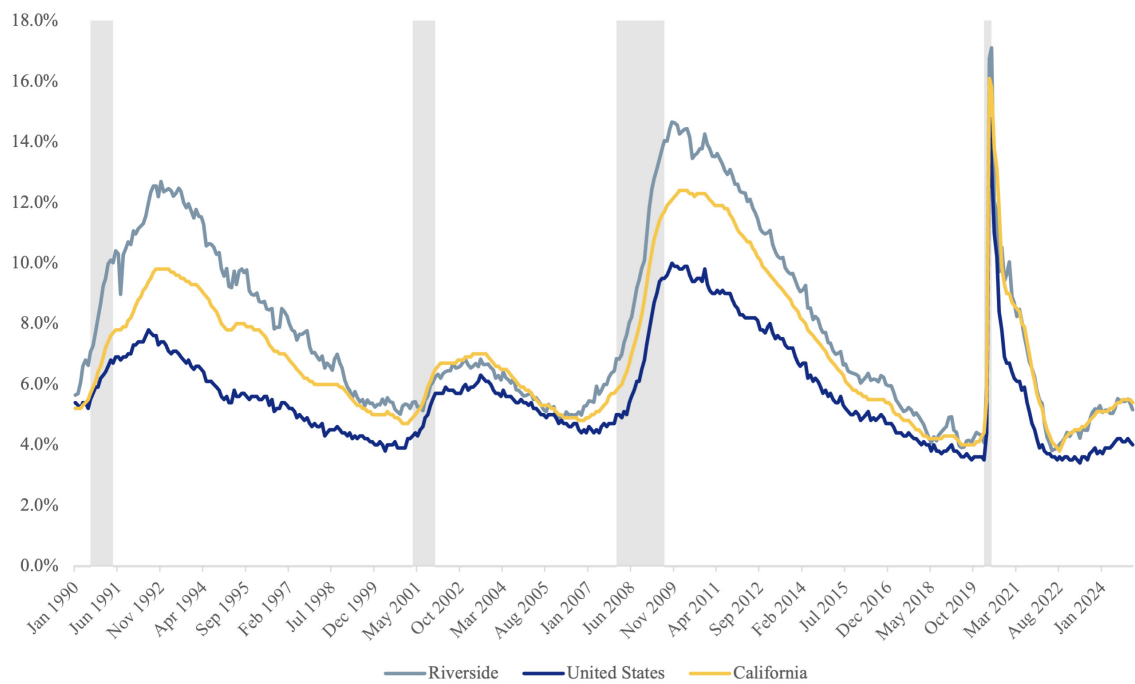
are even more pronounced during recessions.

There are a variety of reasons that can explain these variations. First and foremost must be the average level of education across the cities. Here we have developed a “human capital index” which, in essence, reflects the average years of education (a level of 120 is the equivalent of 12 years of average number of years of education in that community). There are a variety of other reasons why the unemployment rates differ by cities, which we have not taken into account here. Initial experimentation shows that the geographical proximity to the coastal areas matters, particularly when it comes to economic downturns.

Note that Riverside County has 25% of prime-

age workers with at least a Bachelor’s Degree. That number for the nation is 37% and explains, in part, why the county has such difficulties attracting higher paying industries into the area (which is the major reason for the large fraction of commuters into the coastal areas).

FIGURE 28: UNEMPLOYMENT RATE, RIVERSIDE COUNTY, JANUARY 1990 - JAN 2025

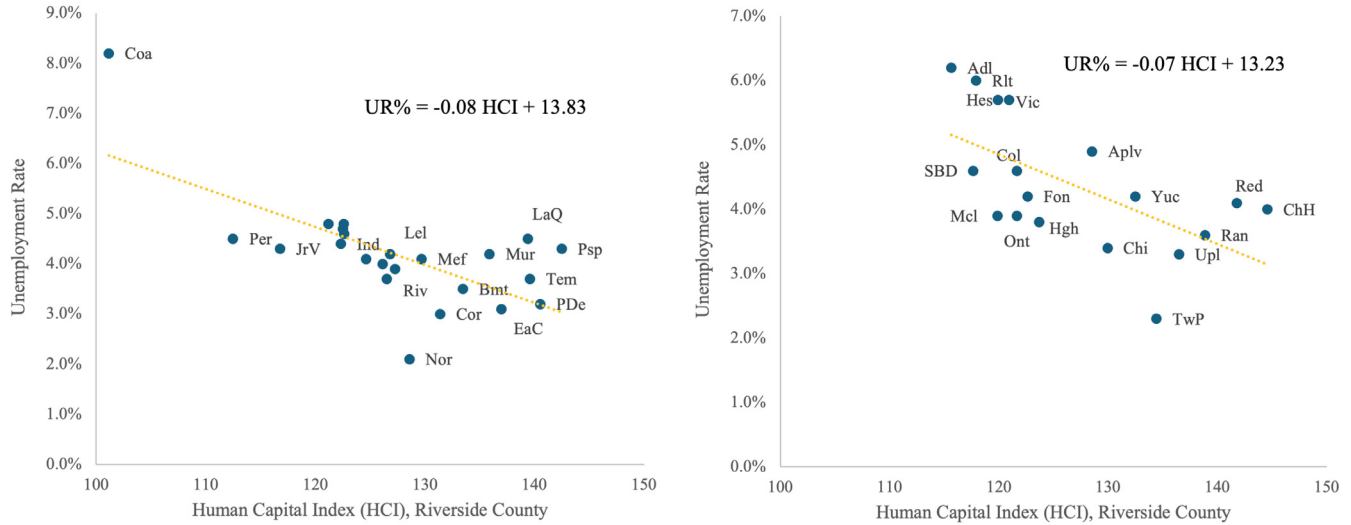


- Unemployment rates in Riverside County tend to be higher than for the state and the nation
- The exception is the dot.com recession at the turn of the millennium when the contraction was centered in the Bay area
- Following the Coronavirus downturn, unemployment rates in Riverside have mirrored those at the state level

TABLE 7: UNEMPLOYMENT RATES, RIVERSIDE COUNTY CITIES, SEPTEMBER 2024

City Name	Abbreviation	Unemployment Rate
Eastvale	Eac	3.5%
Temecula	Tem	3.8%
Murrieta	Mur	3.8%
Corona	Cor	3.8%
Norco	Nor	4.0%
Beaumont	Bmt	4.0%
Palm Springs	Per	4.3%
Jurupa Valley	Jrv	4.3%
Cathedral City	Cat	4.3%
Wildomar	Wil	4.4%
Riverside	Riv	4.4%
Palm Desert	Pde	4.5%
La Quinta	LaQ	4.5%
Lake Elsinore	Lel	4.9%
Moreno Valley	Mrv	5.0%
Menifee	Mef	5.0%
Indio	Ind	5.2%
San Jacinto	Sja	5.9%
Perris	Psp	5.9%
Desert Hot Springs	DHS	6.0%
Banning	Ban	6.0%
Hemet	Hem	6.6%
Coachella	Coa	9.6%

FIGURE 29: UNEMPLOYMENT RATE DIFFERENCES BY MAJOR CITIES, RIVERSIDE COUNTY, 2023



- Cities with lower human capital have, on average, higher unemployment rates
- The City of Coachella stands out with a significantly lower level of education among the Riverside County cities
- Palm Springs, Palm Desert, Temecula, and La Quinta have the highest level of average human capital

### NEW DEVELOPMENT

The development of warehouse facilities in Riverside County is not slowing down. New logistics projects stretching from Cathedral City to Temescal Valley are in various stages of planning and to date, are yet to be approved:

TABLE 8: DEVELOPMENT OF WAREHOUSE FACILITIES, RIVERSIDE COUNTY, 2025

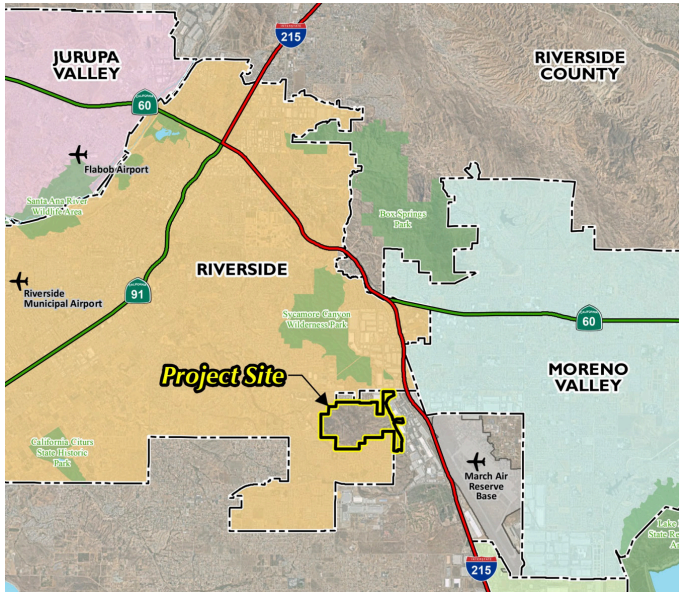
Project Name	Location	ft <sup>2</sup> millions
CV Conference Center	Cathedral City	7.9
Serrano Commerce Center	Temescal Valley	6.5
Beaumont Heights Business Center	Beaumont	5.7
Harvest Landing Business Park	Perris	5.7
Mesa Verde Specific Plan	Calimesa	4.4
Perris Commerce Center	Perris	3.7

Environmental Impact Reports (EIRs) are underway now for most of these projects. The six listed in Table 8 total 43 million square feet. In addition, there is a 40 million square foot World Logistic Center currently under construction in Moreno Valley. The Mesa Verde Specific Plan in Calimesa includes 3,650 residential units, two elementary schools, a fire station, utility infrastructure and roads. Then there is the Stoneridge Commerce Center in Nuevo is a 7.3 million square foot project

that is proposed to replace the Stoneridge specific plan consisting of 2,500 homes. The West Campus Upper Plateau Specific Plan comprising 4.7 million square feet of industrial development that is planned between the City of Riverside and March AFB, is currently stalled due to criticisms over the original EIR. A 628,825 square foot industrial center including cannabis cultivation and mini-storage in Coachella is currently under review.



## West Campus Upper Plateau Project



The Dsr Surf lagoon and residential community

Villages of Lakeview between Perris and San Jacinto is an 8,725 home mixed use approved project that will break ground this year. The Aquabella Specific Plan is a phased development of 15,000 residential units, 50,000 square feet of commercial, 80 acres of parks, three elementary schools and one middle school. The project was approved by the Moreno Valley city council in November 2024. Currently the City of Moreno Valley has 4,874 residential units in the pipeline including under construction, of which 2,124 units are single family homes. More housing is underway in the City of Coachella. In addition to 325 homes under construction by Pulte Homes in the Bellissima and Sevilla housing developments, the Mariposa Pointe development of 155 units is under construction. The Vista Del Agua housing project which will create 254 single family lots is now under review. In March 2025, the Coachella Specific Plan enabling the construction of 9,536 units on 305 acres by KPC Development Company is under review but was found to be exempt from CEQA. Also under review is the Rancho Las Flores 2 project which would develop 124 lots for single family homes.

Travertine in La Quinta is approved for a variety of mixed uses and 1,200 residential units in La Quinta. A 45,000 square foot hotel, spa center, restaurants, banquet facilities, clubhouse, and a golf academy are included in the development. The City of La Quinta is loaning the developers of the long delayed Talus luxury resort up to \$11 million for a year, ending December 31, 2025. The project is half-built, and idle for two years due to the developer filing bankruptcy. The mega development is important to the City because it is estimated to deliver \$7 million in impact fees, \$640,000 annually in property taxes, and \$2 million per year in TOT revenue. The project is expected to be sold later this year and restarted in 2026. The project includes two hotels totaling 334 rooms, 84 single family homes, and a conference center. The DSRT SURF project is under construction in Palm Desert. The ambitious project calls for the development of a six acre lagoon for surfing, 92 hotel rooms, 83 residences, support facilities, and an 18 acre site for the Desert Willow Golf Resort. The project broke ground in late May of 2024 and is scheduled for opening in the summer of 2026.



**Serena Park** is a 126 acre golf course with 386 residential units that is approved in the City of Palm Springs. With the approval of the final development plan, the project will begin construction in June 2025, and be completed in late 2027 or early 2028. In Temecula, the **Altair Specific Plan** is a 1,750 unit residential project including commercial space, an elementary school, other civic facilities, and parks. The first project, **Village A by Brookfield Properties**, is a 146 single family home project now under construction. **Prado** by Meritage Homes is a 230 single family home development. Pre-sales are underway. The **Arlington** mixed use project in the City of Riverside proposes the redevelopment of the closed down Sears into nearly 600,000 square feet of residential and commercial-retail uses, specifically: 388 dwelling units and 25,000 square feet of supporting retail. Demolition of existing buildings occurs this year with the new development opening in 2027. The first portion of a nearly 2,000 acre tract of land is being made available for development by the City of Riverside as part of the **Northside Specific Plan**.

The property is the single largest vacant plot of land in the City. The developers are proposing a \$200 million, 92,000 square foot “Adventure Center” that includes a public park, biking and hiking trails, a world-class aquatic recreation facility for white water rafting, kayaking and canoeing, with a wave lagoon, surf park, boathouse, zip-line and amphitheater. The developer will design the facility to Olympic standards so that it might become a venue for the Los Angeles 2028 Olympic Games. The **Motte Business Center** in Menifee is a single story building totaling 1.1 million square feet dedicated to warehousing. The project is under construction.

The **Disney “Cotino”** community is planned for 1,932 residential units in Rancho Mirage. A lagoon will be the heart of the development with beaches and water sports. A hotel, community park with shopping and dining is part of the development plan. Model home tours are now underway with homes starting at \$4 million.



The new Cotino Bay, one of the largest artificial lagoons in the world is the centerpiece of the “storybook” community now underway in Rancho Mirage

## THE 2025 OUTLOOK

The outlook for the Riverside County economy in 2025 is mixed, and it is not clear that it will outperform the state economy in 2025. Part of this is the larger role that the Logistics industry plays in the county which will be impacted heavily by the tariffs on imports. Transportation, Warehousing, and Wholesale have now moved into third place in terms of overall employment share. While the opening of new facilities will require new workers, and the continuation of export good consumption by U.S. consumers should have driven goods transportation and distribution upwards through 2025, this no longer is likely. Instead, imports through the ports will contract, and with it, employment in the Logistics industry in Riverside County. Fortunately enough for the county, Logistics is not as important an employer as it is for San Bernardino County, where it is now the largest employer with an employment share of 20 percent.

There are some additional clouds on the horizon for the Logistics sector other than the tariffs announced by President Trump: Governor Newsome signed AB 98 which focuses on siting and design standards in this industry. Starting in 2026, new and expanding distribution centers can only be built if certain new standards are being met. These include restrictions on the distance from so-called sensitive sites, and requires that new developments are limited to roads that serve commercial uses. While much of the currently allocated space is already in the entitlement process and therefore will be exempt, these regulations will certainly play a role regarding future investment plans for this industry.

The two sectors with the highest employment share in Riverside County, Private Education and Health, and Government, will not contribute much to employment growth in 2025. The Private Education and Health industry is dominated by the latter, and a large share of expenditures on health comes from public sources. Given the budget problems that the state faces, including Federal expenditure cuts, expect public expenditures to be curtailed for the next year. This statement also depends on the stock market recovering from the serious losses seen after announcement of the new round of tariffs. If the market remains in decline, then California's state budget will be heavily impacted.

Regional economic growth is expected to rise very modestly in 2025 if at all. Any uncertainty that the presidential election year had imposed on consumer and business spending decisions was replaced by the much larger uncertainty created by current economic policies. Forecasting has become more difficult to do, as Chairman Powell of the Federal Reserve Board has repeatedly stressed. As a result, there will not be four more cuts of the Federal Funds Rate in 2025. Instead, do not expect more than two cuts by 25 basis points. We actually forecast only one, which will not result in additional stimulus from the housing sector or consumer spending on durable goods. Riverside County's employment has in its favor that its economy is more resilient to the expected contraction of the Health and Government sector (in addition to the Logistics sector). Both Construction and Leisure and Hospitality play a larger role in the county's economy, when compared to San Bernardino County, for example. Figure 30 shows that we believe the positive effects outweighing the negative influences.

FIGURE 30: JOB CREATION, RIVERSIDE COUNTY, 2015-2027

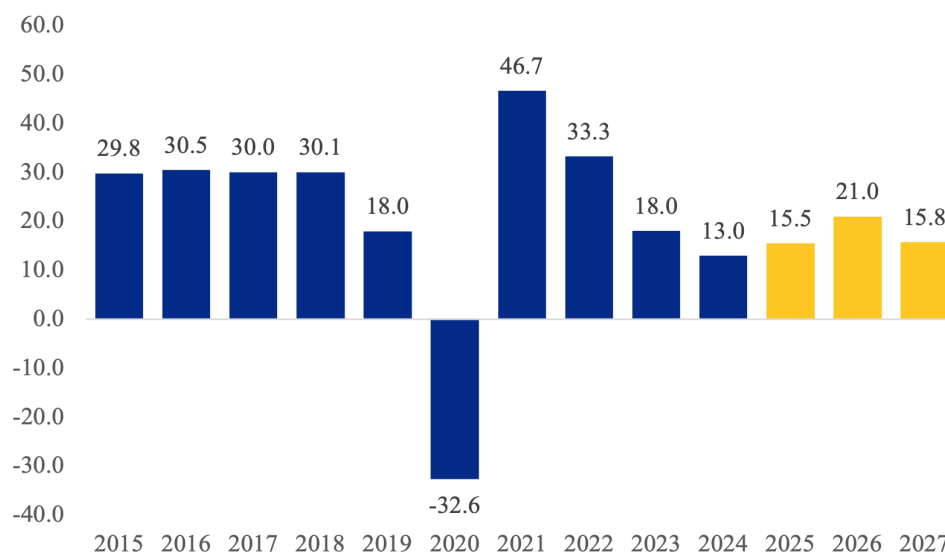
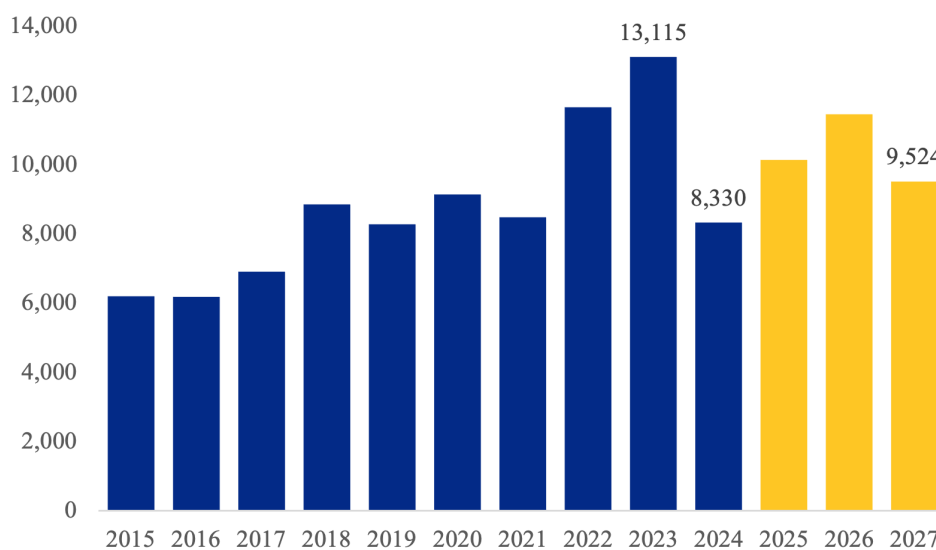


FIGURE 31: NEW RESIDENTIAL UNITS, RIVERSIDE COUNTY, 2015-2027



Total new housing units permitted in 2024 was substantially less than new housing permits in 2023, recording a decline of 26 percent. Adjacent San Bernardino also recorded a 25 percent decline

in new housing units during 2024. However, that county has permitted substantially fewer homes. One of the principal areas of new home development in Riverside continues to be the Coachella Valley.

FIGURE 32: NEW RESIDENTIAL UNITS PERMITTED, RIVERSIDE COUNTY, FEBRUARY 2022 - FEBRUARY 2025

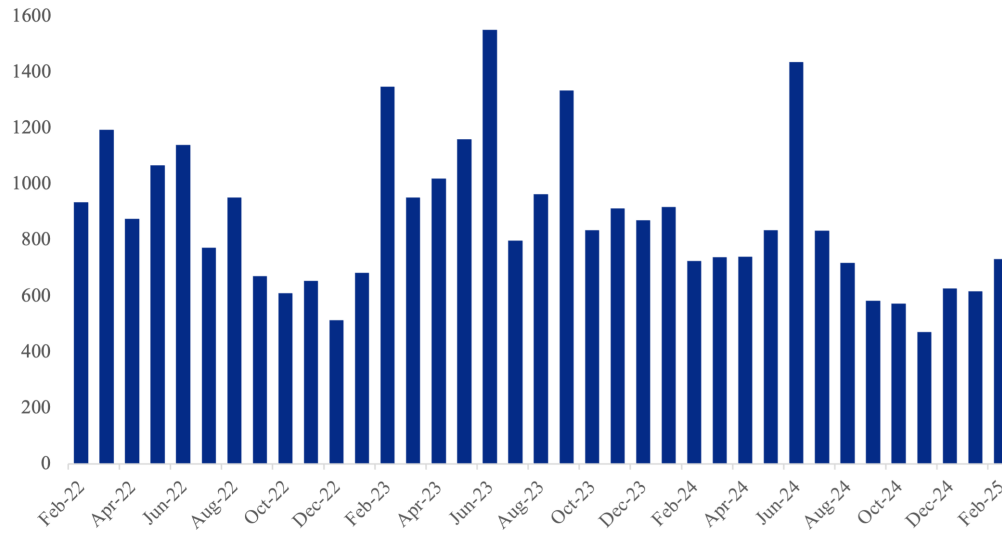


TABLE 9: MAJOR ECONOMIC INDICATORS, RIVERSIDE COUNTY, CURRENT AND FORECASTS

Riverside County	2023	2024	2025	2026	2027	2028
Inflation	3.5	3.4	2.6	2.3	2.1	1.9
Unemployment Rate	4.8	5.3	6.0	5.3	4.8	4.8
Employment Growth	2.3	1.2	1.7	1.3	1.9	1.6
Population (millions)	2.43	2.45	2.46	2.48	2.49	2.51
New Housing Units	13,115	9,195	10,535	9,902	9,427	9,581



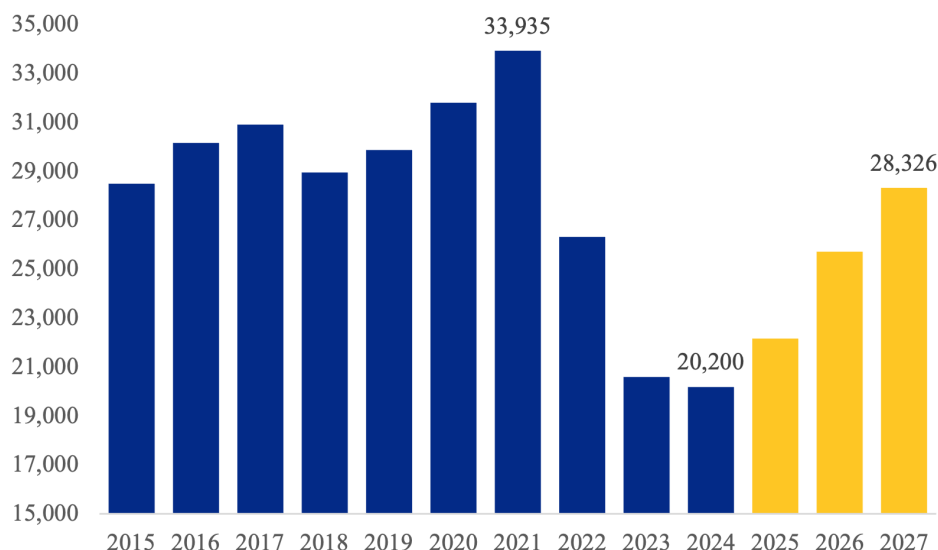
# REVENUE FORECAST RIVERSIDE COUNTY

## COUNTY OF RIVERSIDE PRINCIPAL REVENUE INDICATORS

Modest growth in the County is forecast for the current calendar year. A stable labor market together with more for-sale housing inventory (and declining mortgage rates ) will raise demand for new and existing homes over the next three years. Inventory

in the existing home market is not likely to expand significantly this year. By year's end however with mortgage rates forecast to move under 6.0 percent, housing inventory will increase, enabling more sales in calendar 2026 and the last half of fiscal 2026.

FIGURE 33: EXISTING HOME SALES, COUNTY OF RIVERSIDE, 2015 - 2027



More housing is sold in the existing home market and more housing is built in the new home market. The increase in buyer-seller transactions will positively impact assessed valuation and property transfer tax revenues, and property tax collections in subsequent years. A moderate increase in taxable sales is forecast

during the calendar year, also pushing fiscal year tax revenue slightly higher. The 172 Apportionment revenues will move in tandem with taxable sales for the remainder of fiscal 2025. Because no recession scenario is forecast, from our current viewpoint, consumer spending on taxable goods and services will also rise in fiscal 2026 and fiscal 2027.

TABLE 10: REVENUE, ACTUAL AND FORECAST, RIVERSIDE COUNTY, 2021 - 2028

Amounts in millions of \$, unless stated otherwise	2021	2022	2023	2024	2025	2026	2027	2028
Prop 172 County Apportionment	216.8	275.9	296	296.4	297.4	317.9	334.1	351.7
Percent change	16%	27%	7%	0%	0%	7%	5%	5%
Assessed Valuation (\$ billions)	320.4	338.3	369.6	404.2	425.1	448.7	475.8	504.5
Percent change	6%	6%	9%	9%	5%	6%	6%	6%
Property Tax Receipts	747.9	791.6	888.1	981.4	1028	1070.2	1137	1203
Percent change	10%	6%	12%	11%	5%	4%	6%	6%
Taxable Sales	39.2	49	55	51.7	54.2	58.3	62.1	66.1
Percent change	28%	25%	12%	-6%	5%	8%	6%	7%
Property Transfer Tax Receipts	24.6	31.1	21.7	18.8	20	24.8	29.9	32.2
Percent change	47%	27%	-30%	-14%	7%	24%	20%	8%

Source: California Economic Forecast, October 2024

FIGURE 34: PROPOSITION 172 APPORTIONMENT, IN MILLIONS OF DOLLARS, RIVERSIDE COUNTY, FY 1999 - 2027

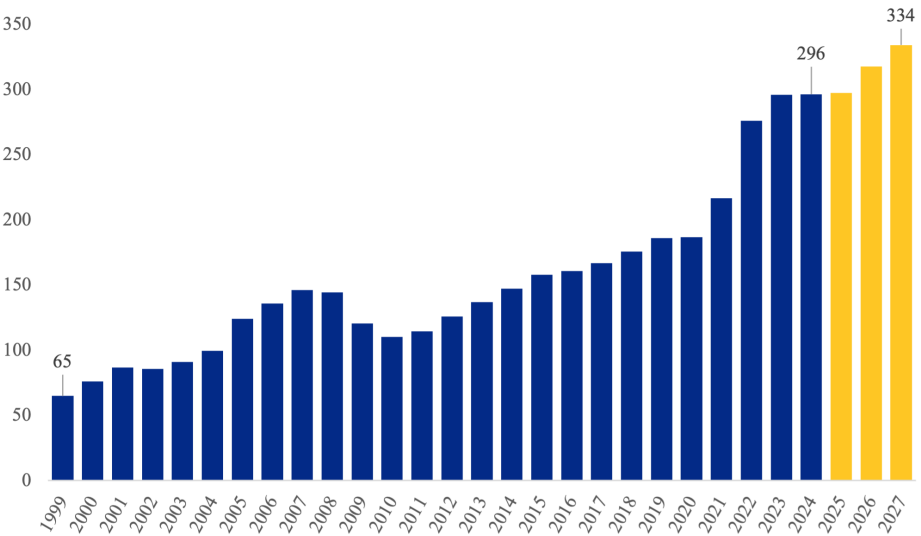


FIGURE 35: ASSESSED VALUATION, IN BILLIONS OF DOLLARS, RIVERSIDE COUNTY, FY 1994 - 2024

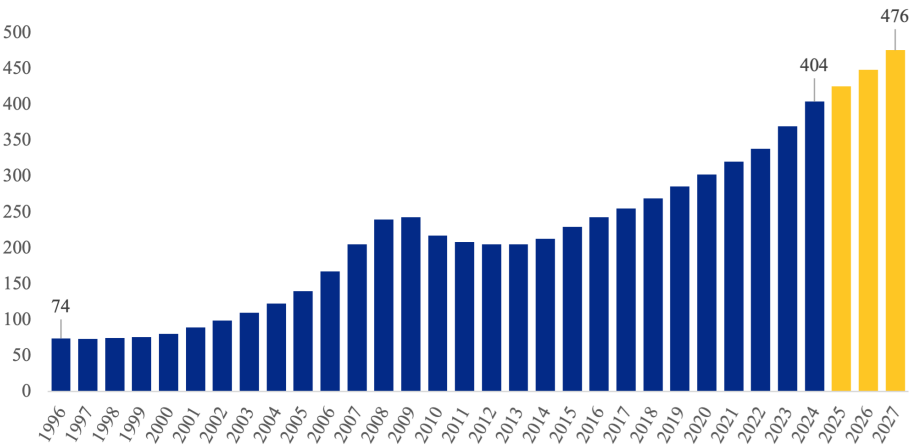


FIGURE 36: PROPERTY TAX RECEIPTS, IN MILLIONS OF DOLLARS, RIVERSIDE COUNTY, FY 1994 - 2024

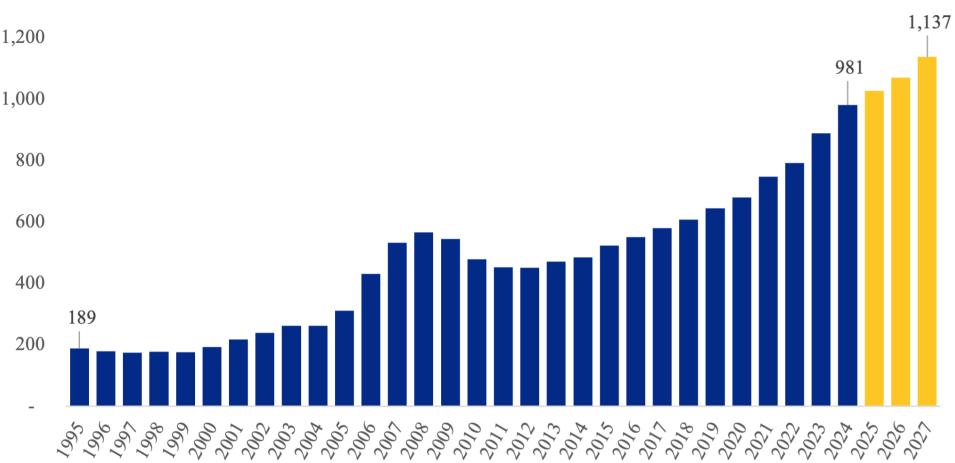




FIGURE 37: SALES/USE TAX RECEIPTS, MILLIONS OF DOLLARS, RIVERSIDE COUNTY, 1995 - 2027

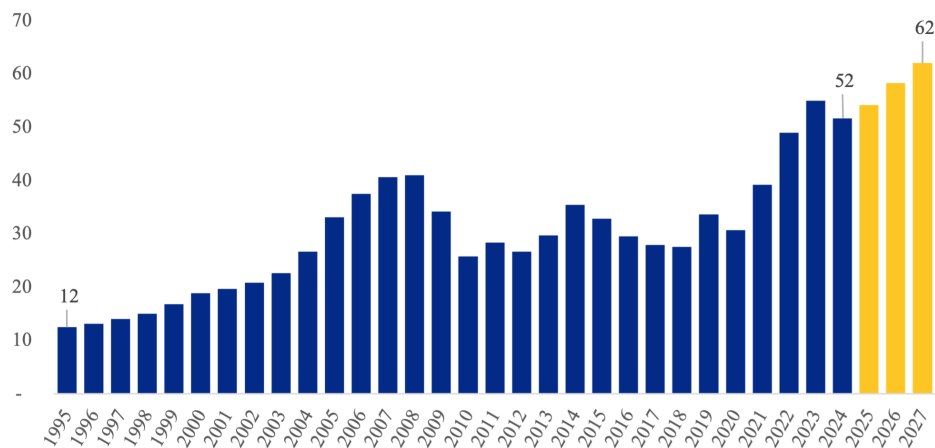
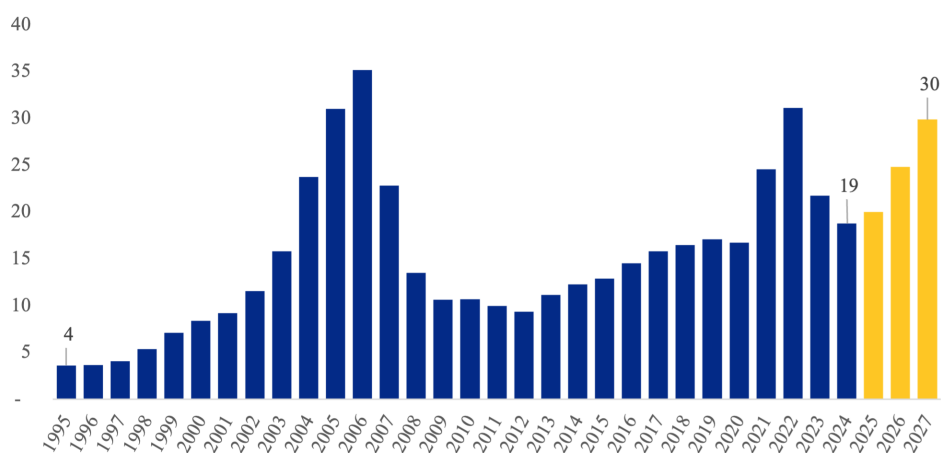


FIGURE 38: PROPERTY TRANSFER TAXES, MILLIONS OF DOLLARS, RIVERSIDE COUNTY, 1995 - 2027



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**Riverside County Board of Supervisors  
Request to Speak**

Submit request to the Clerk of the Board (right of podium), Speakers are entitled to three (3) minutes, subject to Board Rules listed on the reverse side of this form. The Board may limit the public input on any item, based on the number of people requesting to speak and the business of the Board.

**SPEAKER'S NAME:** \_\_\_\_\_

Ray Buzzetti

**Address:** \_\_\_\_\_

**City:** \_\_\_\_\_ **Zip:** \_\_\_\_\_

**Phone #:** \_\_\_\_\_

**Date:** \_\_\_\_\_ **Agenda #** 3.3

**PLEASE STATE YOUR POSITION BELOW:**

**Position on "Regular" (non-appealed) Agenda Item:**

\_\_\_\_\_ **Support** \_\_\_\_\_ **Oppose** \_\_\_\_\_ **Neutral**

**Note:** If you are here for an agenda item that is filed for "Appeal", please state separately your position on the appeal below:

\_\_\_\_\_ **Support** \_\_\_\_\_ **Oppose** \_\_\_\_\_ **Neutral**

**I give my 3 minutes to:** \_\_\_\_\_

Parking validations available for speakers only – see Clerk of the Board.

(Revised: 04/23/2025)



## **BOARD RULES**

### **Requests to Address Board on "Agenda" Items:**

You may request to be heard on a published agenda item. Requests to be heard must be submitted to the Clerk of the Board before the scheduled meeting time.

### **Requests to Address Board on items that are "NOT" on the Agenda:**

Notwithstanding any other provisions of these rules, member of the public shall have the right to address the Board during the mid-morning "Oral Communications" segment of the published agenda. Said purpose for address must pertain to issues which are under the direct jurisdiction of the Board of Supervisors. YOUR TIME WILL BE LIMITED TO THREE (3) MINUTES. The Board may limit the public input on any item, based on the number of people requesting to speak and the business of the Board.

### **Power Point Presentations/Printed Material:**

Speakers who intend to conduct a formalized Power Point presentation or provide printed material must notify the Clerk of the Board's Office by 12 noon on the Monday preceding the Tuesday Board meeting, ensuring that the Clerk's Office has sufficient copies of all printed materials and at least one (1) copy of the Power Point CD. Copies of printed material given to the Clerk (by Monday noon deadline) will be provided to each Supervisor. If you have the need to use the overhead "Elmo" projector at the Board meeting, please ensure your material is clear and with proper contrast, notifying the Clerk well ahead of the meeting, of your intent to use the Elmo. **Speakers are prohibited from bringing signs, placards, or posters into the hearing room.**

### **Individual Speaker Limits:**

**Individual speakers are limited to a maximum of three (3) minutes.** The Board may limit the public input on any item, based on the number of people requesting to speak and the business of the Board. Please step up to the podium when the Chair calls your name and begin speaking immediately. Pull the microphone to your mouth so that the Board, audience, and audio recording system hear you clearly. Once you start speaking, the "green" podium light will light. The "yellow" light will come on when you have one (1) minute remaining. When you have 30 seconds remaining, the "yellow" light will begin flash, indicating you must quickly wrap up your comments. Your time is up when the "red" light flashes. The Chair adheres to a strict three (3) minutes per speaker. ***Note: If you intend to give your time to a "Group/Organized Presentation", please state so clearly at the very bottom of the reverse side of this form.***

### **Group/Organized Presentations:**

Group/organized presentations with more than one (1) speaker will be limited to nine (9) minutes at the Chair's discretion. The organizer of the presentation will automatically receive the first three (3) minutes, with the remaining six (6) minutes relinquished by other speakers, as requested by them on a completed "Request to Speak" form, and clearly indicated at the front bottom of the form.

### **Addressing the Board & Acknowledgement by Chair:**

The Chair will determine what order the speakers will address the Board and will call on all speakers in pairs. The first speaker should immediately step to the podium and begin addressing the Board. The second speaker should take up a position in one of the chamber aisles to quickly step up to the podium after the preceding speaker. This is to afford an efficient and timely Board meeting, giving all attendees the opportunity to make their case. Speakers are prohibited from making personal attacks, and/or using coarse, crude, profane or vulgar language while speaking to the Board members, staff, the public and/or meeting participants. Such behavior, at the discretion of the Board Chair may result in removal from the Board Chambers by Sheriff Deputies.