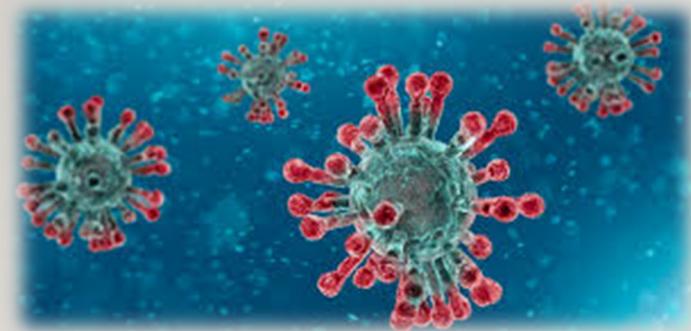




Proposed FY 2020-21 Operating Budget and FY 2020-24 CIP Budget and Plan



June 9, 2020 - Budget Study Session



OUTLINE

- Balanced Budget
- Revenue Assumptions
- Expense Adjustments
- Budgetary Caution
- Regular Council Review of Financial Position
- Community Center Loan - FC
- June 23 – Budget Adoption

FY 2020 PROJECTIONS

- **Ending available fund balance \$2.35M**
 - Mid year transfers accounted for
 - CIP Savings by prioritizing / delaying projects
- Small Business Relief Grant Included **\$250K**
- Property Tax No Change
- Sales Tax revenue decrease **(\$500K)**
- TOT revenue decrease **(\$840K)**
- Community Development decrease **(\$360K)**
- Recreation revenue decrease **(\$400K)**

FY 2021 PROPOSED OPERATING BUDGET – REVENUE ASSUMPTIONS

- **Ending available fund balance \$414K AFTER CIP**
- CARES Act - \$383K
- \$10M Loan for Community Center – \$700K debt service
- Property Tax 6% Growth
- TOT decrease (\$1.9M)
- Sales Tax decrease (\$660K)
- Community Development decrease of (\$360K)
- Recreation Decrease of (\$740K)

FY 2021 PROPOSED OPERATING BUDGET – EXPENSE ADJUSTMENTS

- Vacancy Savings - \$700K
- Departmental reductions - \$800K
- Legal Expense Increase of \$1M
- MOU agreements updated – reduced from prior budget

FY 2021 PROPOSED OPERATING BUDGET - TAKEAWAYS

- Proposed Budget is Balanced
- Addresses COVID-19 shortfall
 - It will rebound – this is temporary
- No extreme reductions needed
- No layoffs anticipated
- Take a Pause – proceed with caution
- Prioritize CIP Projects
- **Projected Available Fund Balance AFTER CIP - \$414K**
 - No Current Use of Reserves suggested

BUDGETARY CAUTION: FY 2021 & FY 2022

- Approve a balanced budget
 - Include essential and scheduled repairs (CIP)
 - Increase CIP spending as funds arise
 - Continue to budget realistically for litigation fees and possible judgments
 - Continue debt service for Community Center

FY 2020-24 PROPOSED CIP BUDGET AND PLAN

- Revised to reflect highest priority projects first for FY 2021
- FY 2021 fully funded – future years for planning purposes
- Community Center – Utilize Park in Lieu funds for project from \$1.3M to \$4.3M
- Annual Civic Facilities Project – reduce from \$1.2M to 200K for Police Station study
- Annual Public Arts – eliminate from GF and use Public Art Fund
- Council Chamber AV Equipment – use \$150K from Technology Fund to save GF dollars

CURRENT FUND BALANCES

| | |
|---|-------------------|
| Current Fund Balances | |
| Emergency and Operating Reserves | 8,250,374 |
| OPEB | 1,500,000 |
| PERS Reserve | 5,000,000 |
| Technology Reserve | 1,574,089 |
| CIP Reserve* | 900,000 |
| Community Center Reserve* | 11,700,000 |
| Equipment Reserves | 1,078,044 |
| | |
| *Estimates as of May 15, 2020 | |

REGULAR COUNCIL REVIEW OF FINANCIAL POSITION

- Systematic Fiscal Impact Analysis
- Quarterly financial review
 - Standard Reports from new accounting system
- Enhanced Fiscal Impact Analysis for expenditures not in budget
 - Assume all funds are already allocated. How to fund this new expense?

LITIGATION ANALYSIS AND MANAGEMENT

- Budget realistically for litigation fees
- Book known liabilities – Currently no funds are reserved for possible judgments
- Legal costs vs. competing priorities
- Dollar for dollar Impact

NEXT STEPS

- Budget Adoption – June 23rd
- Regular and Enhanced Financial Analysis
 - Quarterly updates and Enhanced Fiscal Impact review
 - Continue to monitor changing fiscal environment
- Financial Commission Input
 - Community Center Loan Review and Recommendation
 - Review of Financial Policies and Practices
- Complete funding of \$38M Community Center
- Fund CRITICAL CIP Priorities



QUESTIONS / DISCUSSION

