

COUNCIL MEETING

6/16/20

Received Before Meeting

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FY 2020 BUDGET ADJUSTMENTS TO ADDRESS COVID-19 IMPACTS & Q3 FINANCIAL REPORT

JUNE 16, 2020

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Q3rd QUARTER FINANCIALS & FY 2020 PROJECTIONS

- Through Q3, the City's financials remain in expected conditions, these results are not yet materially affected by COVID-19
- Unprecedented time in our City's history
- May 4, 2020, staff and the City Council reviewed forecast scenarios for FY 2020 and FY 2021
 - FY 2020 estimated a \$15 million to \$20 million impact to the General Fund
 - FY 2021 three scenarios were presented, the City Council chose scenario 3 for FY 2021 budget development

HERE IS WHAT WE KNOW NOW

- Initial findings reflect TOT receipts have dropped 95%
- Documentary Transfer Taxes are approximately 45% to 50%
- Sales Tax activities for January through March will not be known until July 2020, April through June will not be available until October 2020
- Charges for Services remain unknown as staff refunds classes and program fees and facilities remained closed for at least 2 months or by appointment only.
- Departmental expenses are tracking below budgeted levels and are expected to achieve \$3.8 million in savings by year end in the General Fund

FY 2020 GENERAL FUND REVENUES



FY 2020 3rd Quarter Actuals (000's)

	3rd Quarter Actuals			Adjusted Budget			
	FY 2020	FY 2019	% change	FY 2020	%	FY 2019	%
Property Tax	\$ 30,054	\$ 29,429	2.1%	\$ 50,576	59.4%	\$46,232	63.7%
Sales Tax	20,645	21,674	(4.7%)	36,085	57.2%	31,746	68.3%
Charges for Services	17,872	16,157	10.6%	30,267	59.0%	28,419	56.9%
Transient Occupancy Tax	16,378	15,251	7.4%	26,555	61.7%	25,390	60.1%
Utility User Tax	11,908	11,626	2.4%	17,572	67.8%	16,092	72.2%
Permits and Licenses	4,506	6,107	(26.2%)	9,027	49.9%	8,545	71.5%
Documentary Transfer Tax	5,770	4,801	20.2%	8,100	71.2%	8,034	59.8%
All Other Revenue Sources	25,931	23,984	8.1%	34,629	74.9%	32,875	73.0%
Total Revenue	\$133,064	\$129,031	3.1%	\$212,811	62.5%	\$197,333	65.4%

FY 2020 GENERAL FUND EXPENSES



FY 2020 3rd Quarter Actuals (000's)

	3rd Quarter Actuals			Adjusted Budget			
	FY 2020	FY 2019	% inc (dec)	FY 2020	%	FY 2019	%
Police	\$ 32,974	\$ 31,546	4.5%	\$ 45,249	72.9%	\$ 42,336	74.5%
Fire	26,859	24,511	9.6%	35,984	74.6%	33,950	72.2%
Community Services	21,649	21,659	(0.0%)	32,517	66.6%	30,314	71.4%
Public Works	12,493	12,236	2.1%	19,983	62.5%	18,440	66.4%
Planning and Development Services	13,575	14,445	(6.0%)	22,597	60.1%	23,511	61.4%
Library	7,388	6,814	8.4%	10,582	69.8%	9,786	69.6%
Administrative Services	5,985	5,600	6.9%	9,050	66.1%	7,860	71.2%
All Other Departments	17,668	15,982	10.5%	35,258	50.1%	30,490	52.4%
Total Expenses	\$ 138,591	\$ 132,793	4.4%	\$ 211,220	65.6%	\$ 196,687	67.5%

FY 2020 GENERAL FUND BUDGET ADJUSTMENTS - REVENUE

Recommended Adjustments	FY 2020 Adjusted Budget	Rec Change	FY 2020 Rec Budget
General Fund Tax Revenues	138,888	(\$15,013)	123,875
General Fund Charges for Services/Licenses and Permits/ & Other Revenues	73,923	(\$ 8,695)	65,228
General Fund Transfers In	20,840	0	20,840
TOTAL REVENUE ADJUSTMENT	\$233,651	(\$23,708)	\$209,943

FY 2020 GENERAL FUND EXPENSE ADJUSTMENTS

Recommended Adjustments	Rec Change \$'s in Millions
Departmental Salary and Non-Salary savings	(\$3,770)
Transfers to the Capital Improvement Fund	(6,679)
Reduction/Elimination of Reserves: Recruitment & Retention, Operations, Development Center	(1,570)
City Manager Employment Contract (housing)	(600)
Investments: racial equity & downtown BID	570
TOTAL EXPENSE ADJUSTMENT	(\$12,049)

GENERAL FUND BUDGET STABILIZATION RESERVE

Recommended draw of \$11.7 million from the General Fund Budget Stabilization Reserve in FY 2020

FY 2020 Mid-Year Budget Review (CMR 10959)	\$44.7 M
Recommended Adjustment	(11.7M)
Current Projected BSR June 30, 2020	\$33.0 M

- BSR of \$33.0 million is 14.3 percent of the FY 2020 Adopted Budget expenses, below the range of 15% and 20%, and below the target of 18.5%

RECOMMENDED ACTION

Staff recommends that the City Council:

- Review the financial report for the third quarter of Fiscal Year 2020
- Amend the Fiscal Year 2020 Budget Appropriation for various funds and various capital projects, as identified in Attachment C (requires five votes for approval)



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