

2020 & 2021 BUDGET UPDATES

FINANCE COMMITTEE UPDATE

JUNE 9TH 2020





2021 OUTLOOK



Expenditures +22.8m (+6.7%)

Personnel: +\$11.5m

- Planned step & longevity increases for City employees
- Bargained pay increases for Police and Fire sworn employees

Other: +\$8.6m

- Increased fleet costs, including debt service for the new Nakoosa Trail facility
- Increased annual maintenance and subscription costs for IT systems
- Continued funding for Community Agency Contracts and Grants

Debt Service: +2.7m

- Assumes borrowing will similar to 2019 borrowing levels based on capital activity currently underway

Revenues -\$2.0m (-0.6%)

Property Tax Levy: +\$8.0m

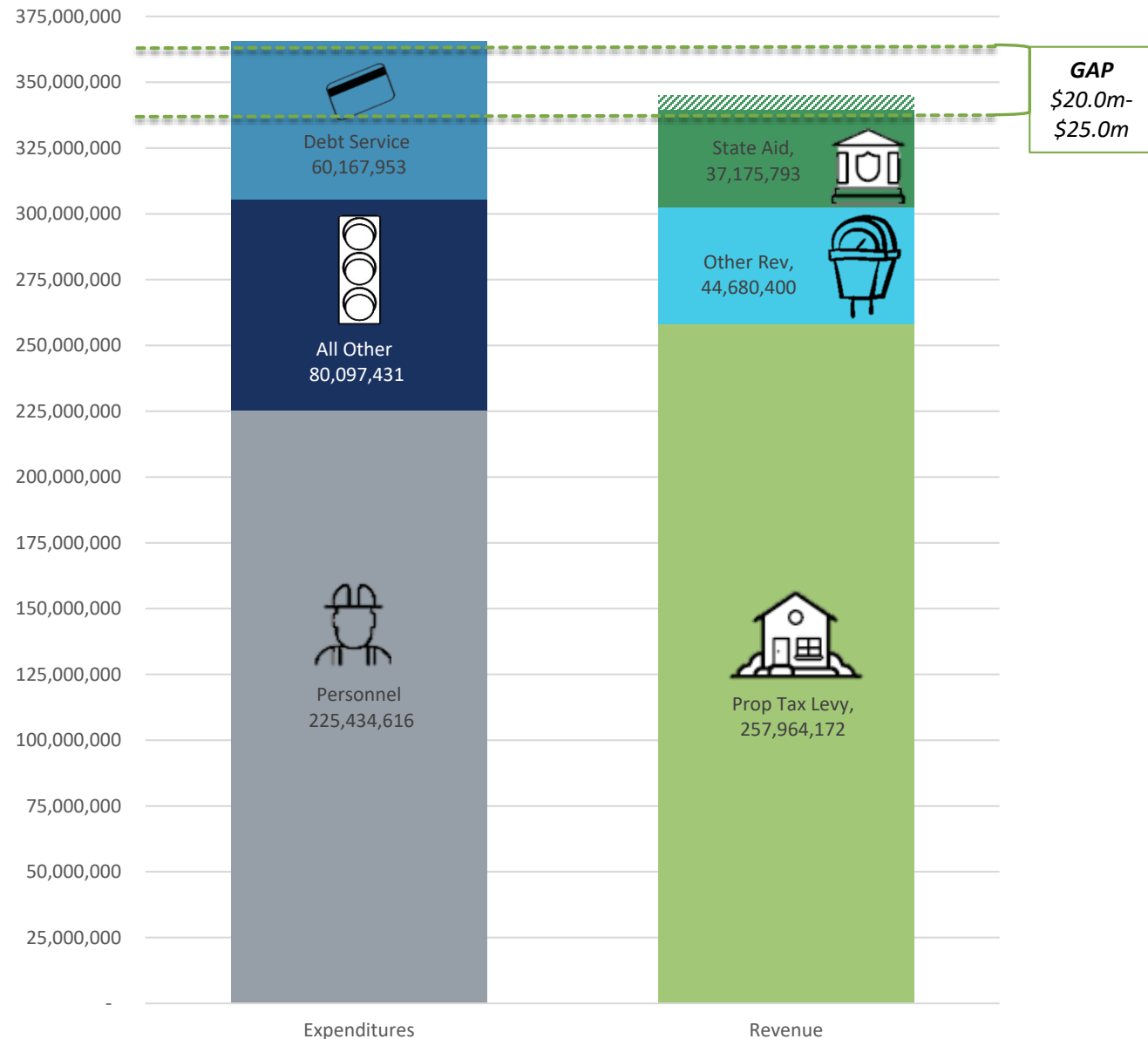
- Projected overall increase of \$8.0m-\$4.6m for increased debt service & \$3.4m from Net New Construction

Local Revenue: -\$5.0m

- Projected overall decrease of \$5.0m driven by reductions in Room Tax, Charge for Service, & Interest earnings

State Aid: -\$5.0m

- Projected overall decrease of \$5.0m based on assumption that the State will cut local aid program



Understanding the 2021 Budget Gap

2021 OUTLOOK: PROJECTION ASSUMPTIONS

The projected gap includes a series of assumptions that could change throughout the budget planning process

REVENUE

Property Tax Levy

Projection: \$8.0m Increase

- Projected increase based on two factors not finalized until late summer:
 - Debt Service
 - Net New Construction

State Aid & Local Revenues

Projection: \$10.0m Loss

- Final notification regarding State Aid amounts released by program over the summer-reductions require action by State Legislature
- Other revenue assumptions may be changed based on status of economic recovery

EXPENDITURES

Health Insurance & WRS

Projection: \$3.5m Increase

- Final rates are set by ETF in later summer
- Projected increase in based on prior trends regarding the annual increase; Pension costs projected to increase more than prior years given status of markets

Debt Service

Projection: \$2.5m Increase

- Final amount will be based on 2020 borrowing that will happen in September-will be based on amount of capital work completed this year
- Reduction in debt service will decrease the allowable levy increase

AGENCY BUDGET GUIDANCE

Agency Targets

- Agency Requests should not exceed Cost to Continue
- Target memos will be emailed to DD Head & Budget Contact following Kickoff Meeting

Budget Guidance

- General & Library Fund agencies need to present recommendations for a 5% reduction
 - Agencies have discretion in allocating reduction across services-does not need to be across the board
 - Reductions need to be ongoing rather than one time
- Enterprise Agencies do not need to submit reductions-but proposals should be in line with projected 2021 revenues
- No supplemental requests
- Systems (MUNIS and Sharepoint) will be open to agency users by the end of the day today (June 1st)

PROPOSAL COMPONENTS

Transmittal Memo

- Purpose: Memo drafted from Agency Head to Finance Director outlining overall goals & priorities for 2021
- Submission Method: Sharepoint-Upload to Agency Materials Folder
- Format: **NEW**-Should be completed using the provided template

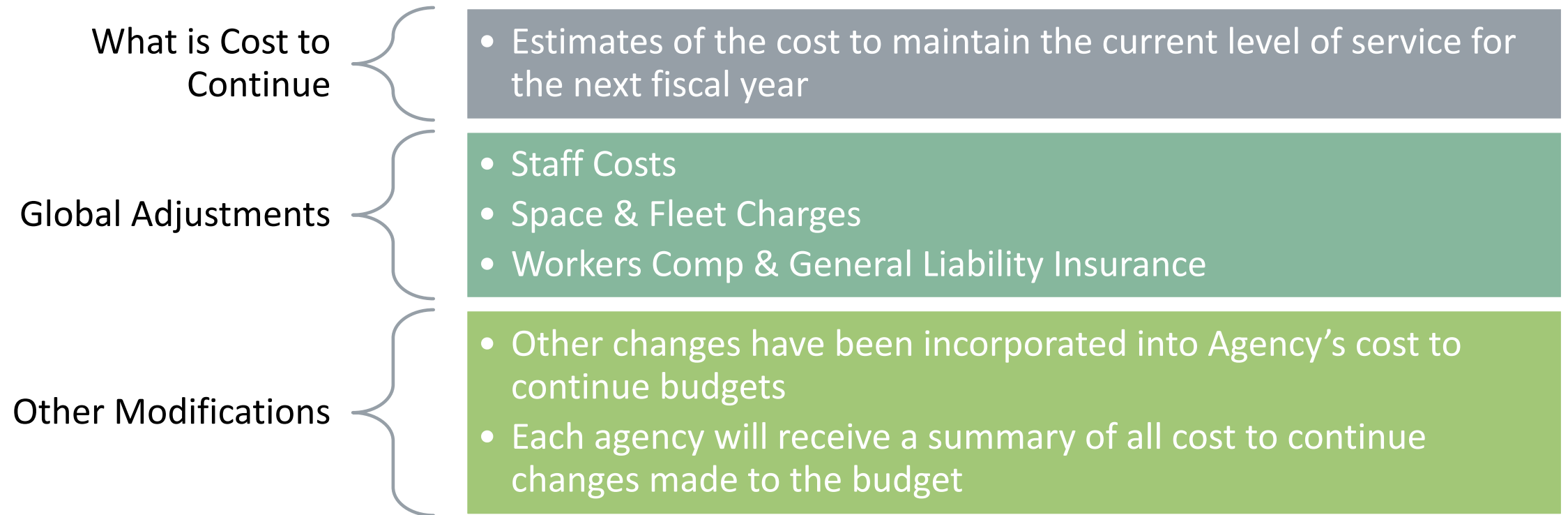
Service Proposals

- Purpose: Explain the operational impacts of the changes proposed in your line item budget
- Submission Method: Sharepoint-1 Proposal/Service
- Format: Sharepoint Service Proposal Form

Line Item Budget

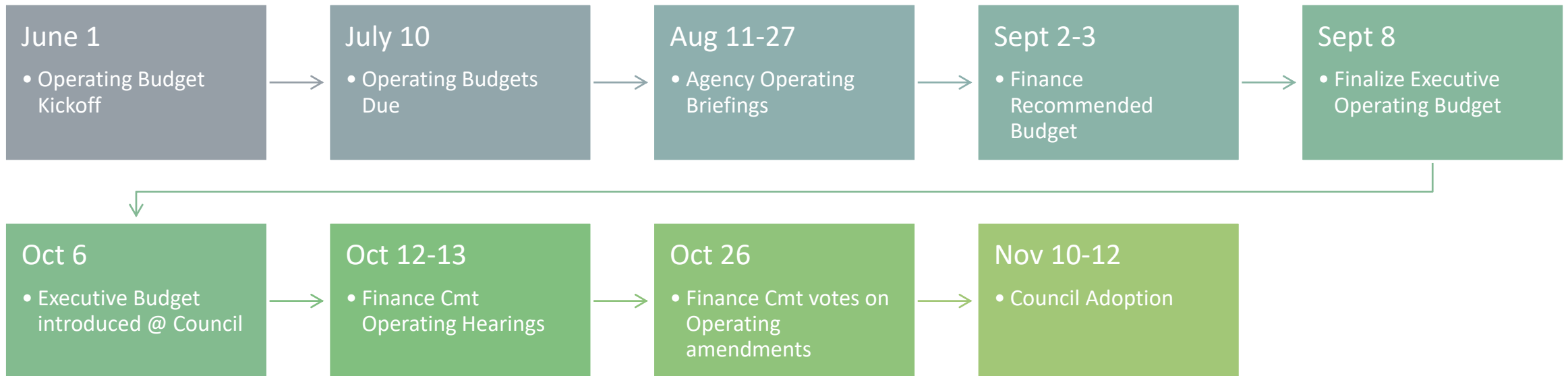
- Purpose: Show the agency's plan for where (SERVICE) and how (MAJOR-OBJECT) the budget will be spent in 2021
- Submission Method: MUNIS Central Budget

COST TO CONTINUE ADJUSTMENTS



- CONTINUED IN 2021: Cost to Continue is Level 1 of the planning process; distinguishes global adjustments versus changes made by agencies in their budget requests
- During Finance Recommendations additional global adjustments will be made to agency budgets based on updated information (i.e. WRS, Health Insurance, etc.)

OPERATING BUDGET: KEY DATES





2020 BUDGET UPDATE



PATH TO BALANCING 2020

1st Quarter Projection=\$30.0m Deficit

- Enterprise Agencies: \$14,550,000
 - Water Utility-Updated debt service costs/Expenditure Control: 3,100,000
 - Sewer & Stormwater-Surplus stays w/in fund: (1,350,000)
 - Parking Utility-Use of reserves: 5,400,000
 - Metro-CARES Act for Farebox Lost Revenue: 3,400,000
 - Room Tax-Implement Cuts: 4,000,000
- Projected Savings from Admin Actions: \$2,870,000
- Other Actions: \$12,630,000
 - CARES Act Funding (Transit Share): \$8,500,000
 - Use of General Fund Balance: \$4,130,000

Furloughs

- Need for employee furloughs will be based on 2nd Quarter analysis

2nd Quarter

- 2nd Quarter Projections will be completed in early July
- Cost tracking underway for costs associated with recent unrest-will be reflected in 2nd Quarter