



Agenda



FY20 Update

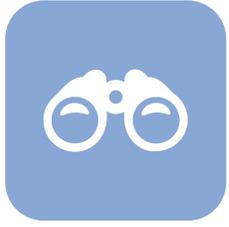


Five-Year Outlook



Questions

Seeking Council Direction



The work session will layout revised FY20 financial update, and five year outlook of revenue and expenditure assumptions.



Seeking Council direction on tax rate assumptions and recommendations to increase funding for street maintenance.



**Fiscal Year
2020 Update**

FY20 COVID Impact on Revenue

General Fund



(\$2M)

Total projected shortfall NET \$2M

Fiscal YTD sales tax exceed budget

- Gross Total \$3.9M
- Net of rebates \$600K

YTD expenditure reduction \$4.7M

HOT Fund



(\$975K)

Total projected shortfall \$975K

HOT Tax collections

- Year to Date: 45% of budget
- Last Year YTD: 70% of budget

YTD expenditure reduction \$700K
Remaining covered by HOT fund balance

Enterprise Funds

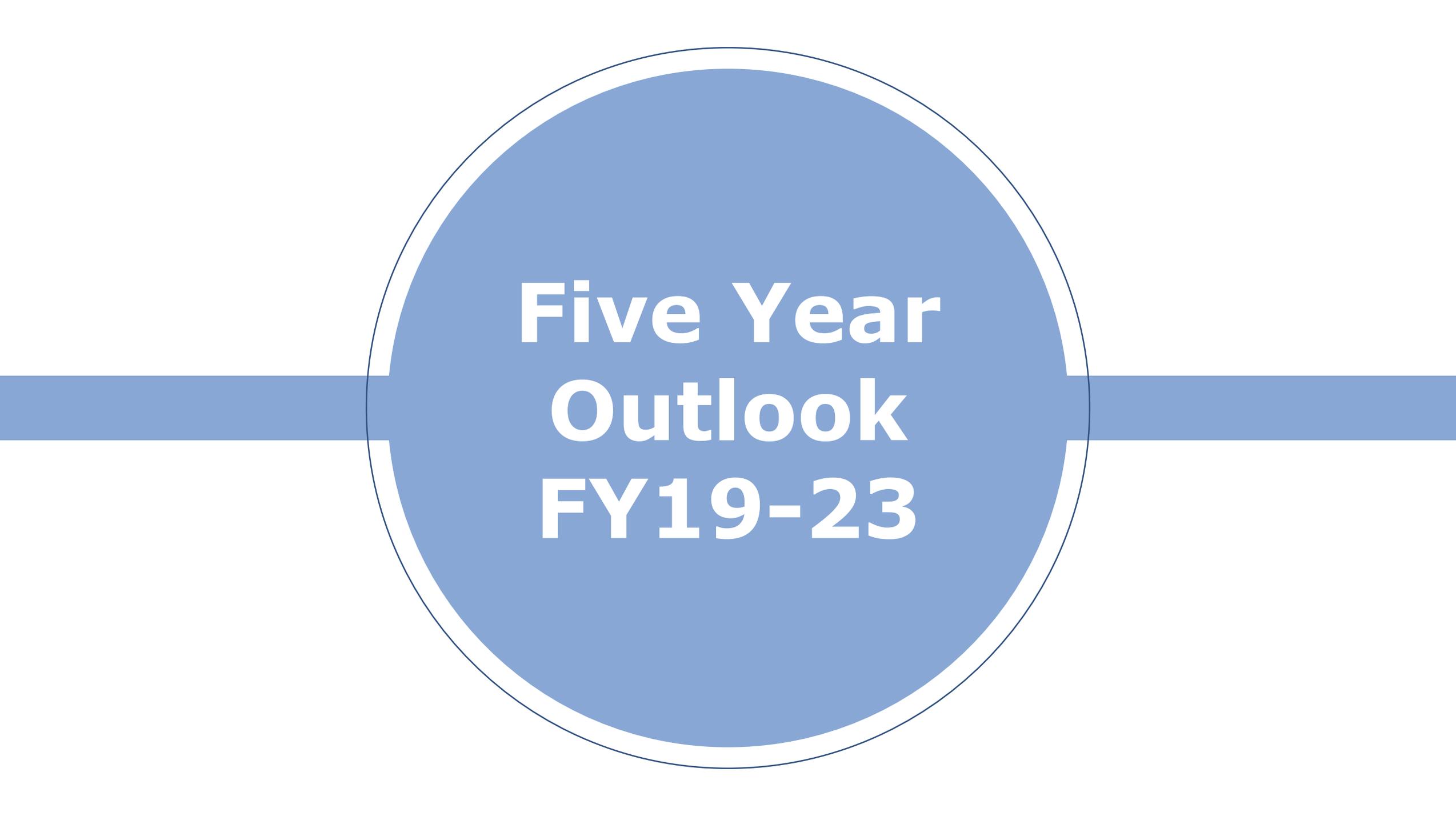


(\$400K)

Total projected shortfall \$400K

Revenue reduction due to no disconnect fees & late fees

Offset by expenditure reductions



**Five Year
Outlook
FY19-23**

Sales Tax Revenue Forecast



3.9% FY19 actuals exceeded budget

10% FY20 revised – YTD collections 78% of budget. Internet sales YTD exceed annual budget 25%+. For the remainder of the FY:

- Outlet Malls assume only 60% of collections
- Base assume only 80% of collections

(6.5%) FY21 anticipate continued COVID impacts on employment, tourism & disposable income

(19)% FY22-23 Comptrollers ruling on internet sales collected at point of destination will significantly reduce revenue. Anticipate employment to increase as more cash flows into the economy increasing sales tax revenue.

Expenditure Base Assumptions

Personnel

- Civil-service Meet & Confer funded
- Non-civil service 4% merit/COLA
- TMRS, worker's comp increased
- No increase to health insurance

Operations

- Zero based budget resulted in 5% decrease
- Personnel Requests \$2.7M (not funded)
- Municipal Court Judge full-time
- Contract increases

Special Services

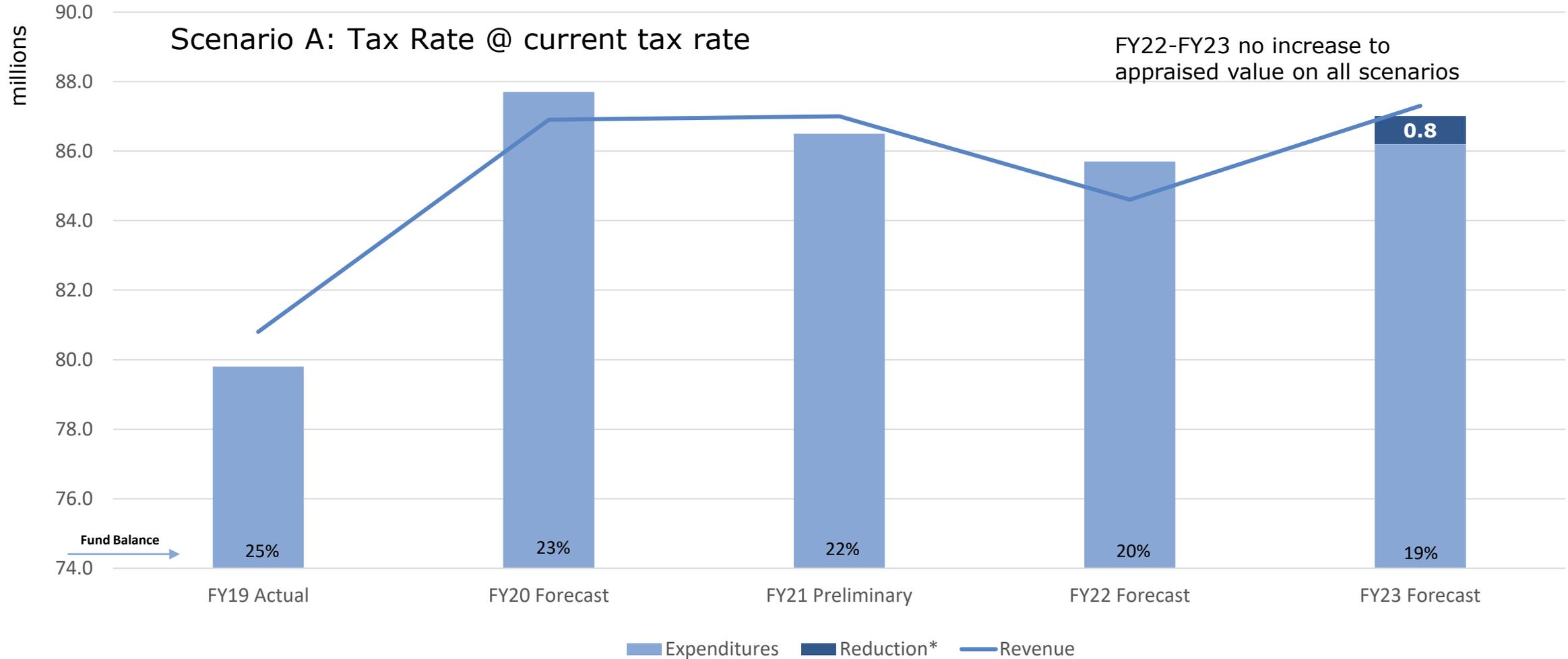
- EMS contract & service expansion | \$1.6M total
- City Utilities | \$1.5M total
- TIRZ 2: Blanco Vista refinanced | (\$1.2M)
- TIRZ 5: Downtown reduced to 25% | (\$900K)
- Social Services/Museums | \$900K total

FY22 & FY23 Assumptions

- Transfer to Transit | \$1.5M total
- Animal Services Live Outcomes | FY22 \$590K, FY23 \$75K additional funding
- Economic Incentives | (\$6M)
- No increase to headcount included

General Fund Five-Year Outlook FY19-23

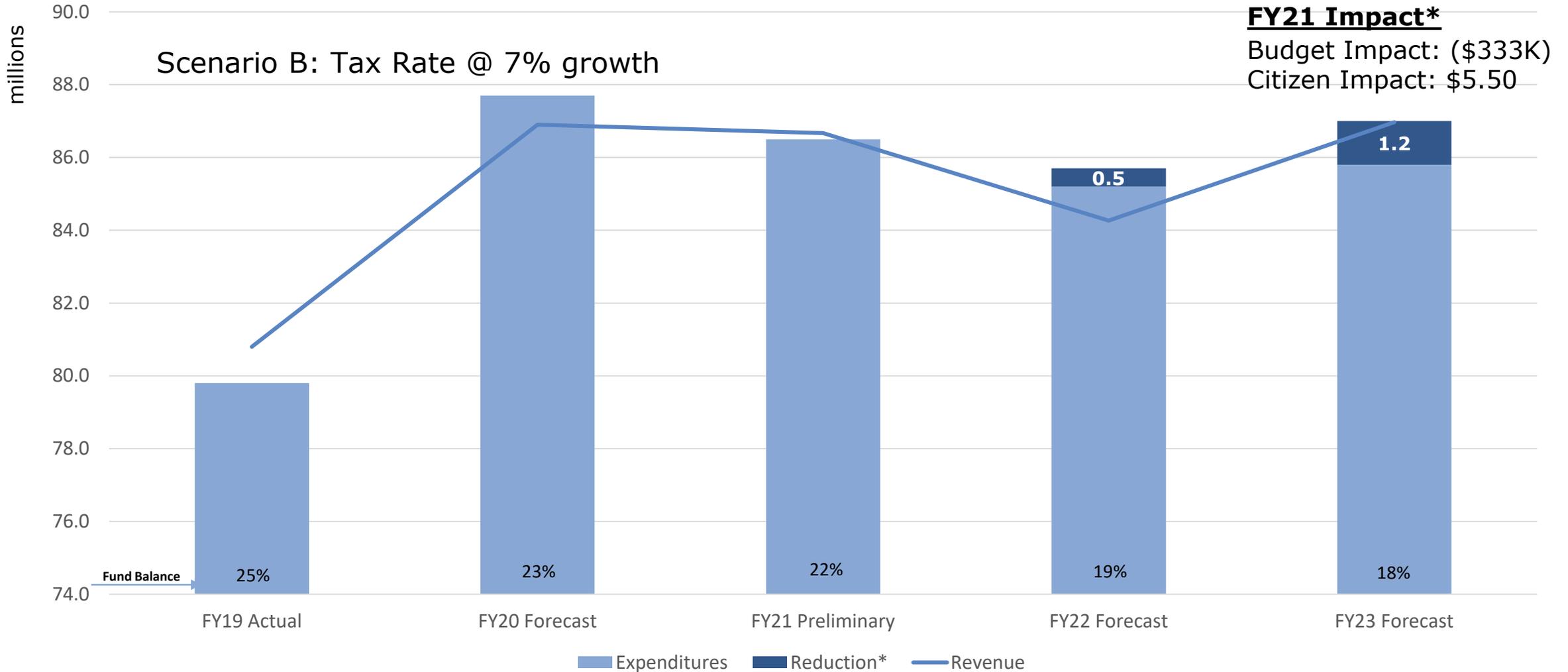
Revenue vs. Projected Baseline Expenditures



Reduction needed to achieve 20% Fund Balance, shown in millions

General Fund Five-Year Outlook FY19-23

Revenue vs. Projected Baseline Expenditures

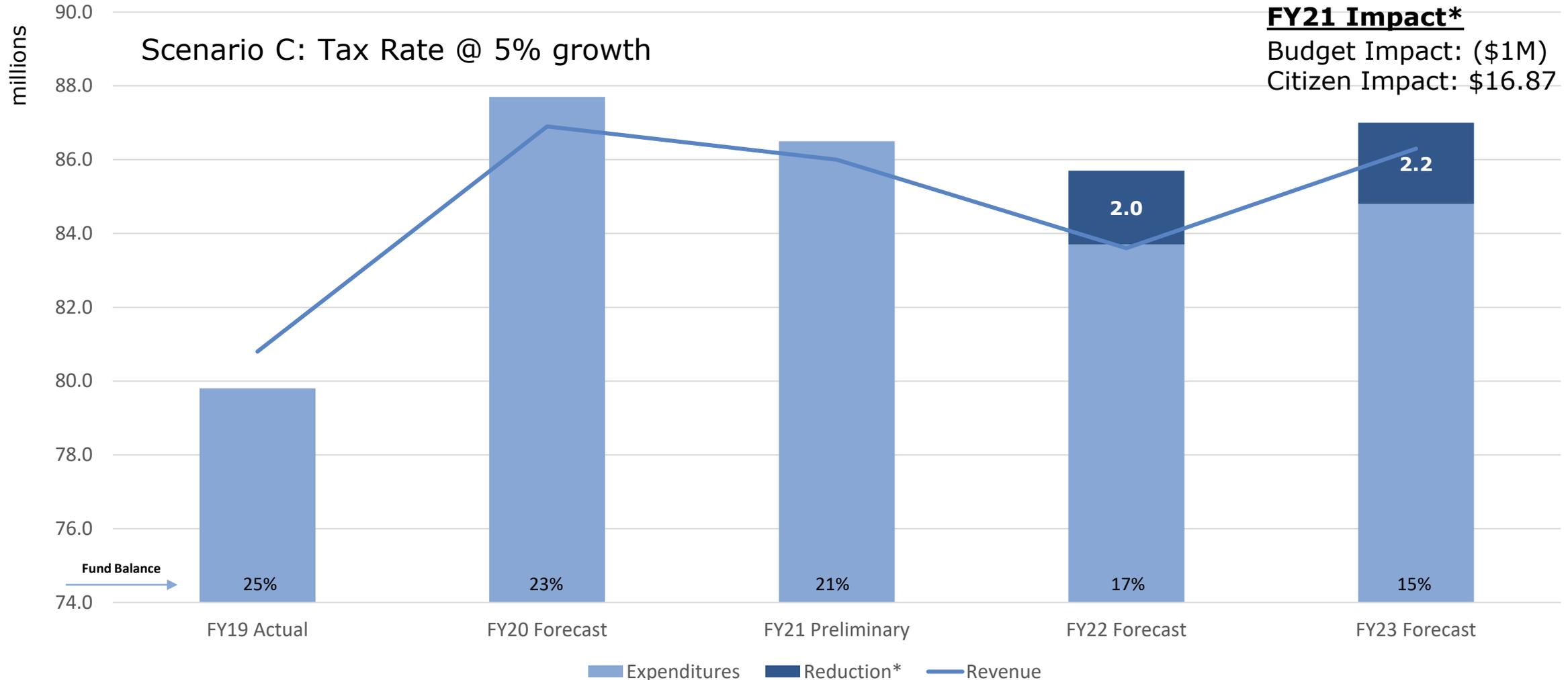


Reduction needed to achieve 20% Fund Balance, shown in millions

- Citizen impact based on \$100K home value
- Impact based on current tax rate vs scenario growth

General Fund Five-Year Outlook FY19-23

Revenue vs. Projected Baseline Expenditures

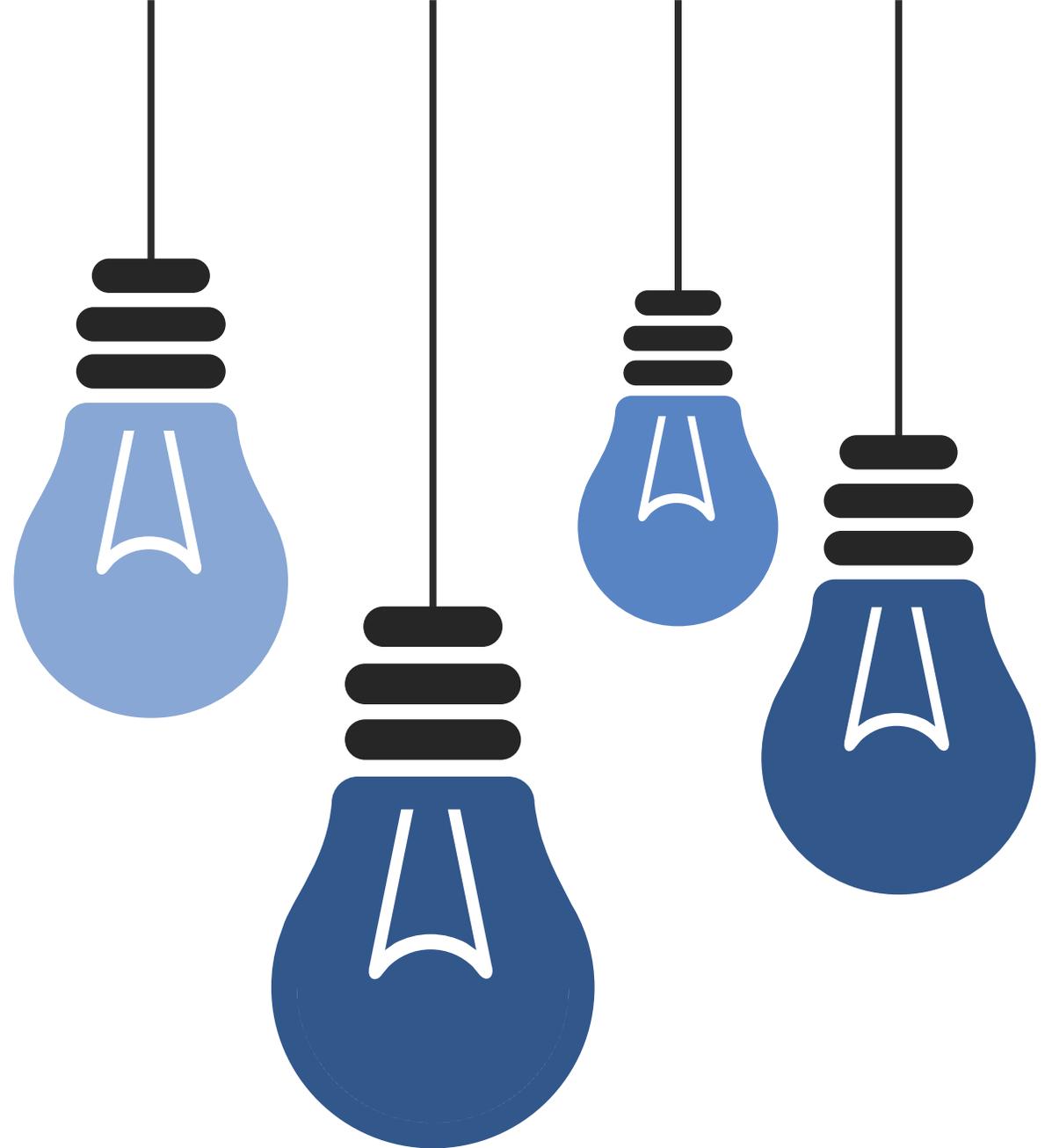


Reduction needed to achieve 20% Fund Balance, shown in millions

- Citizen impact based on \$100K home value
- Impact based on current tax rate vs scenario growth

Street Maintenance Funding

- 01 Total Streets FY20 Budget: \$3.4M, Personnel: \$1.4M, Operating: \$2M
- 02 Commercial Waste Hauler Permit: Ordinance adopted 2003
Application fee: \$100, Street Usage fee: 5% gross sales receipts
FY19 Revenue: \$425K
- 03 Comparable cities charge 5 – 15% + Street damage clause at additional fee
- 04 Recommendation: Increase fee to 10% gross sales, amend ordinance to include street damage clause. Additional revenue of \$425K, bringing total revenue to \$850K recovering ~ 42% of operating costs.



Considerations of Service Level Reductions



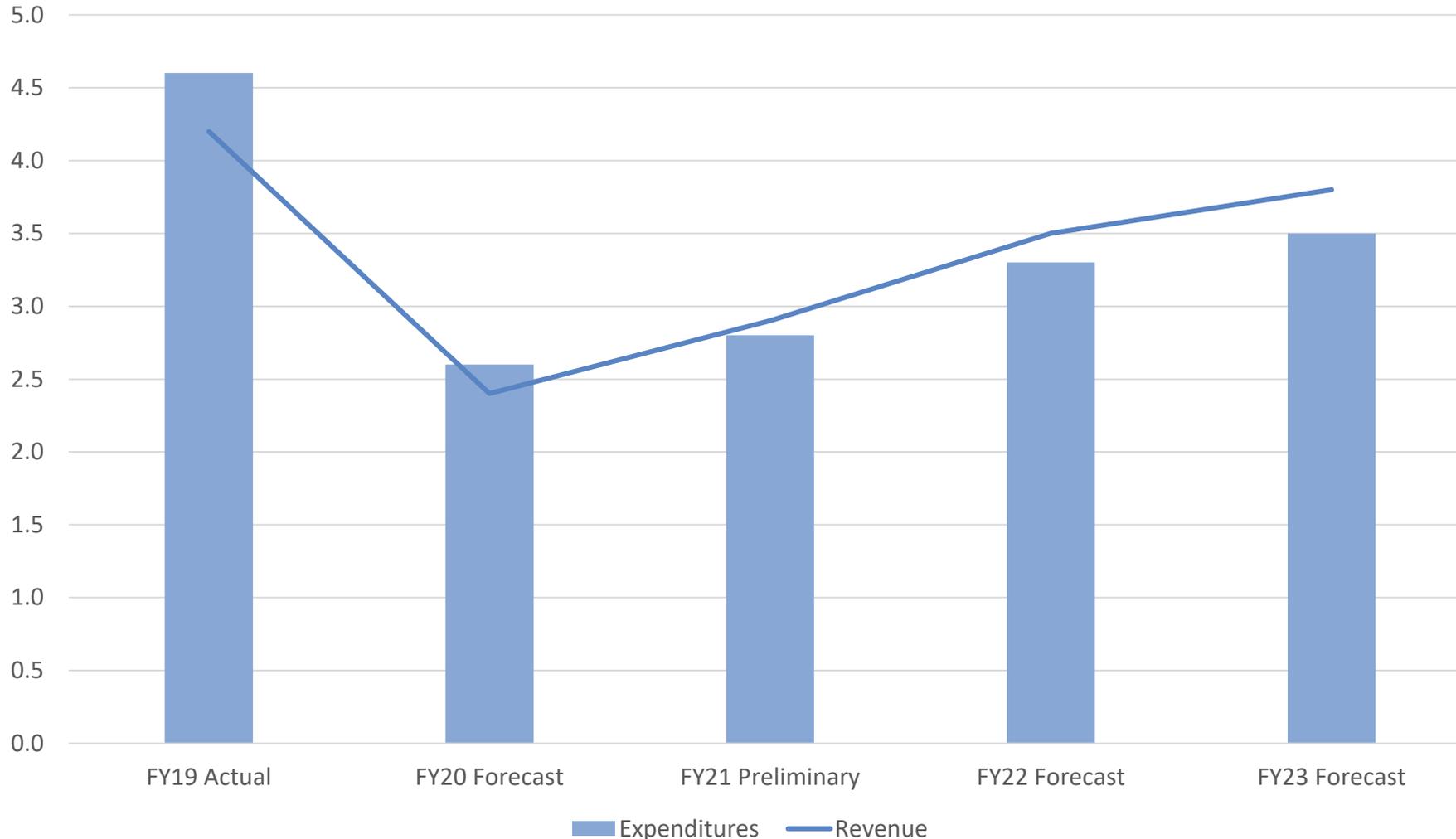
- 01 Hold vacancies
- 02 Reduce public facility service hours
- 03 Early retirement
- 04 Staff furloughs
- 05 Salary Reductions
- 06 Layoffs



**Hotel
Occupancy
Fund**

Hotel Occupancy Fund

Five-year Outlook FY19-23

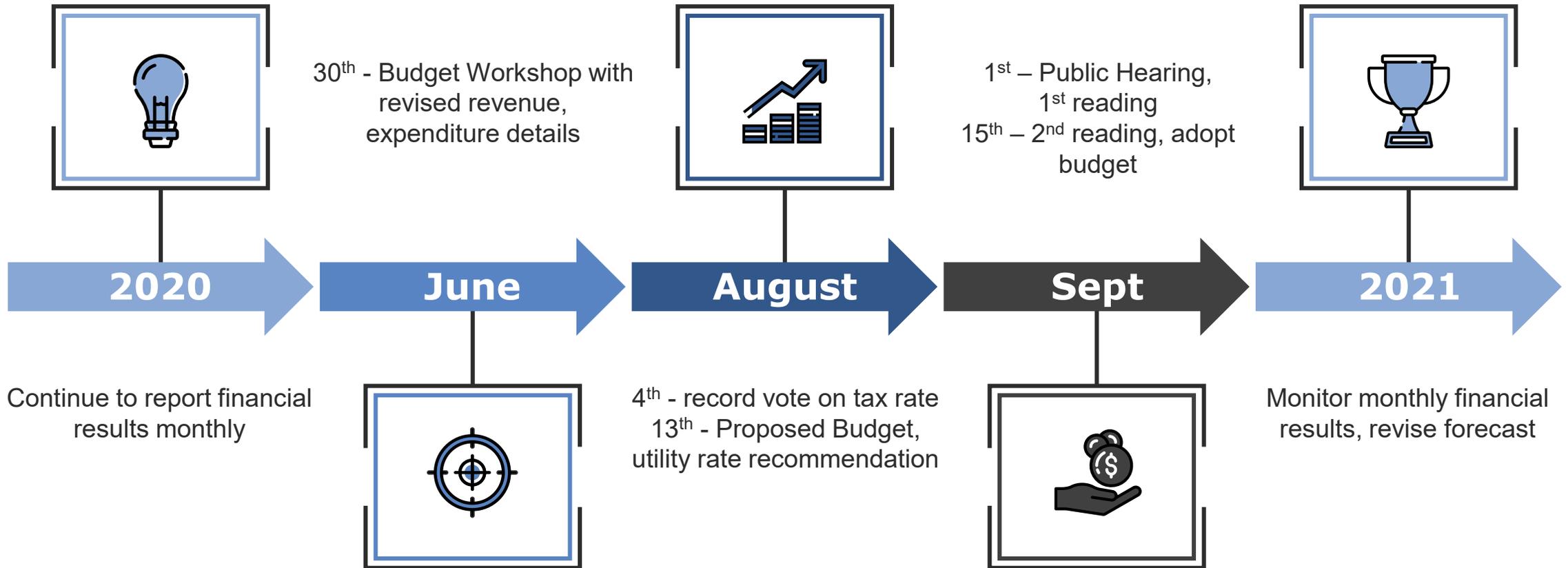


- FY20 Revenue: Projected (57%) less than FY19, or (\$957K) less than budget
- FY20 Expenditures: Reduced (\$700K), use of fund balance
- FY21 Revenue: Assumes (30%) less than FY19
- FY21 Expenditures: Reduced all programs and operating, council approved use of \$200K of reserves to fund arts programs
- FY20-FY23 No assumption of additional General Fund transfers to balance budget

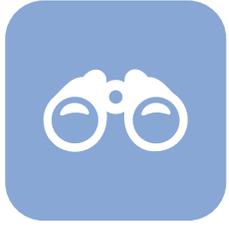


Next Steps

Budget Timeline & Next Steps



Council Direction Needed



Tax Rate: Use current tax rate, assume decrease



Commercial Waste Hauler Permit: fee increase to 10%, ordinance amendment to include street damage clause



Additional considerations?

Thank You



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City Manager



Stephanie Reyes

Assistant City Manager



Victoria Runkle

Interim Director of Finance



Melissa Neel

Assistant Director of Finance



Laurie Moyer

Director of Engineering/CIP