

FY2019-20 and FY2020-21 Contingency Plan Review

Tuesdays with Council
August 4th, 2020

Meeting Agenda

Review FY2020 actions taken

FY2021 Budget (Plan A)

Review FY2021 approved budget reductions

Contingency Plan (Plan B)

FY2020 Projected year-end revenue

FY2021 Milestones

Contingency Plan (Plan B) implementation

Summary and action

**FY2020 ACTIONS TAKEN TO REDUCE
EXPENDITURES THROUGH JUNE 30, 2020**

1	Reduction in workers' compensation rates by 50%	\$267,000
2	Limited hiring freeze, subject to City Manager review	218,000
3	Reduction in FY 2020 General Fund unencumbered capital expense	457,000
4	Freeze for "non-essential" work travel and training	191,000
5	Other reductions as necessary	
		\$1,133,000

Approved FY2020-21 Budget (Plan A)

Monitor monthly General Fund revenues and expenditures

Continue the current hiring freeze practice as vacancies occur

- No layoffs or furloughs were recommended in the FY2021 budget

Continually monitor the National and Local economic impact of COVID-19

Monitor the economic outlook for recessionary signs and conditions

FY2020 Milestones

- June Sales Tax Check received (majority are April sales) The first month of the stay-at home orders
- August Sales Tax Check – The final sales tax received for FY2020
- November – Near the end of year reporting process for FY2020. Projected fund balance will be available.

FY2020 Use of Self-Insurance Funds for loss in tax revenues due to COVID-19

- Anticipated loss in tax revenues \$1.7M

FY2021 Quarterly Milestones

- November 2020 – End of the First Quarter for FY2021
- February 2021 – End of the Second Quarter for FY2021. Half of the Fiscal Year major revenue sources will have been received.

**APPROVED FY 2021 BUDGET -
REDUCTIONS THROUGH JUNE 30, 2021**

1	Reduction in workers' compensation rates by 50%	\$1,221,000
2	Removed the one-time funded items from the FY20 budget	1,000,000
3	Limited hiring freeze and delayed hiring of positions, subject to City Manager review	877,000
4	Pended pay plan improvements until such time a more accurate economic picture of the COVID-19 impact can be assessed	834,000
5	Reduction in general liability rates by 50%	688,000
6	Budget savings provided by department budget reductions	224,000
7	Suspend/Eliminate minor organizational programs and reduction of department supplies and services	203,000
8	50% Reduction for work travel and training, except for professional certifications and licenses	168,000
	Total General Fund FY21 cost reductions	\$5,215,000

Contingency Plan (Plan B)

First-Priority - Is to preserve (to the greatest degree possible) staff and resources to provide essential municipal services as we come out of the pandemic, while reasonably preserving our cash balances and overall financial position.

If revenues fall short of the milestones - A combination of using available resources and funding cuts will be implemented

Available Resources (In preferential order)

- Utilize up to \$8M in Self-Insurance Reserve for loss in tax revenues due to COVID-19. For both FY20 and FY21.
- Reduction in 20% reserve due to a smaller FY21 General Fund budget (\$17.2M to \$16.2M) \$1,037,000.
- Could utilize additional self insurance funds up to \$12M – An additional \$4M.
- Utilize FY19 General Fund Carryover available to cover lost revenues \$4.2M.
- Level Property Tax – Economic vitality funding \$2M.
- Reduce the rainy-day fund from the current 20% reserve to a 15% reserve \$4.2M

FY2020 Projected Year End Revenue

We anticipated a 20% reduction in Sales and Use Tax for the final quarter of FY20

Receiving our final FY20 Sales Tax collection information yesterday, we are \$982K short of the original FY20 and \$1.9M over the anticipated/ revised 20% reduction amount

General Fund 6% Reduction in Revenues

	FY2019-20		FY2020-21		Plan A to Plan B Difference	Quarterly Difference
	Adopted Budget	Projected Actuals	Adopted Budget (Plan A)	Contingency Plan (Plan B)		
Sales and Use Tax	\$ 52,393,000	\$ 49,495,975	\$ 48,894,500	\$ 45,732,500	\$ (3,162,000)	\$ (790,500)
PILOT's	15,966,000	14,668,585	14,669,000	13,788,860	(880,140)	(220,035)
Subtotal	68,359,000	64,164,560	63,563,500	59,521,360	(4,042,140)	(1,010,535)
All Other Resources	17,767,931	17,747,546	17,377,539	16,552,019	(825,520)	(206,380)
Total General Fund Resources	<u>\$ 86,126,931</u>	<u>\$ 81,912,106</u>	<u>\$ 80,941,039</u>	<u>\$ 76,073,379</u>	<u>\$ (4,867,660)</u>	<u>\$ (1,216,915)</u>

General Fund FY2021 Quarterly Milestones - Details

FY2021 By Quarter	Sales Tax	Projections Use Tax	PILOT	All Other Resources	Total	Contingency Plan (Plan B)	Difference
November 2020	10,251,955	1,150,000	3,600,000	2,233,281	17,235,236	16,018,321	(1,216,915)
February 2021	11,574,274	1,000,000	3,600,000	6,233,281	22,407,555	21,190,640	(1,216,915)
May 2021	11,058,271	1,375,000	4,000,000	2,233,281	18,666,552	17,449,637	(1,216,915)
August 2021	11,435,000	1,050,000	3,469,000	6,677,696	22,631,696	21,414,781	(1,216,915)
Completed FY2021	<u>44,319,500</u>	<u>4,575,000</u>	<u>14,669,000</u>	<u>17,377,539</u>	<u>80,941,039</u>	<u>76,073,379</u>	<u>(4,867,660)</u>

General Fund Contingency Plan (Plan B) Implementation

By Phase	Total Reduction	Self Insurance	Supplies & Services	Furlough & Layoffs	Total
Phase 1	\$ 1,216,915	\$ 608,457	\$ 608,457	\$ -	\$ 1,216,915
Phase 2	1,216,915	654,418	562,497	-	1,216,915
Phase 3	1,216,915	1,216,915	-	-	1,216,915
Phase 4	1,216,915	1,216,915	-	-	1,216,915
	<u>\$ 4,867,660</u>	<u>\$ 3,696,706</u>	<u>\$ 1,170,954</u>	<u>\$ -</u>	<u>\$ 4,867,660</u>
	100%	76%	24%		

Summary

Continue to monitor the impact of COVID-19

Operate within the FY2021 adopted budget for reductions already implemented

We are only five months into the economic uncertainty caused by the pandemic

Continue to provide essential municipal services without furloughs or layoffs

Contingency Plan (Plan B) implementation (if necessary) includes a combination of funding reductions and utilizing available resources

Optimistic Outlook

- If there is significant positive performance in economic conditions and projected budget outlook, mid to late fiscal year pay increases will be priority.

City Council Action

No City Council action is necessary at this time (since we are in Plan A)

A consensus is needed if this is the approach City Council would wish the City to take if the Contingency Plan (Plan B) needs to be implemented

If any additional resources need to be utilized, then City Council action will be necessary

QUESTIONS?
