

CITY OF
AMERICAN
CANYON



FY 2020-21 Preliminary Operating Budget Overview

May 5, 2020

Tonight's Objectives

- Provide budget overview for Community
- First of four (4) Council meetings leading up to adoption of FY 20/21 budget on June 16
- Confirm FY 2019/20 Year-end Balancing Plan
 - i.e., July 1, 2020 beginning fiscal position
- Reach consensus on strategy to balance FY 2020/21
 - Staff recommends using only available Unassigned Fund Balance



General Fund Challenges

- Significant revenue decreases (COVID-19 impacts)
- Expenditure increases (COLA, PERS, ISF, etc.)
- Initial version of FY 20/21 Budget - with new revenue losses and cost increases – anticipates a shortfall of \$4.2M
 - Three rounds of internal budget reductions – round 4 underway

Revised shortfall is still \$3.2M - without additional balancing measures this will significantly exhaust GF Reserve.

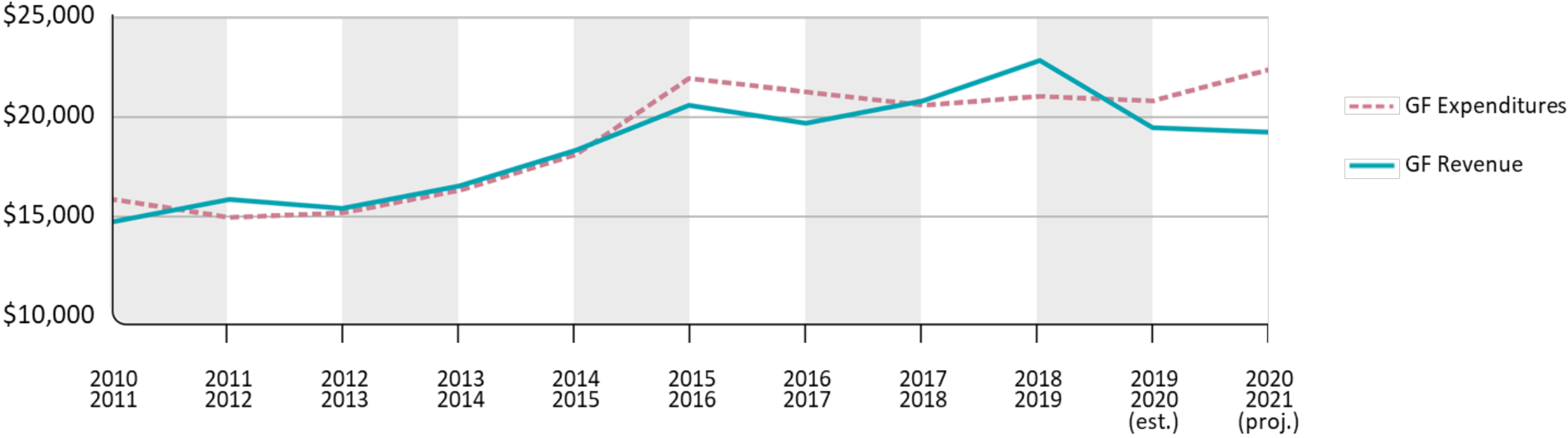


General Fund Shortfall

- Adopted FY 2020/21 Budget projected a \$1.0M structural deficit.
- Now projecting a \$3.2M shortfall for FY 2020/21
 - Approximately \$2.0M is structural.
 - Approximately \$1.2M related to temporary revenue loss.



General Fund Summary



General Fund Summary

(in millions)

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
	Actual	Actual	Est Actual	Proposed
Operating Revenues	20,943	22,865	19,523	19,314
Operating Expenditures	20,750	21,062	20,901	22,487
Annual Surplus/(Shortfall)	193	1,802	(1,377)	(3,173)



Great Recession vs. COVID Recession

Great Recession	COVID Recession
3 years to build – hit FY 2009/10	Immediate 3-month impact FY 2019/20
\$3M deficit (25%)	\$1.4M deficit for FDY 2019/20 (6%) \$3.2M deficit for FY 2020/21 (16%)
3-year plan to close shortfall – including tax measures	1 or 2-year plan to close shortfall?
Layoffs, Furloughs, TOT increase & Cardroom Tax	TBD

General Fund Revenues



General Fund revenue assumptions (FY 2020-21)

- **Property Tax** – limited loss as tax rolls enrolled for this year and next; possible waiver of late fees (we are a Teeter county so little direct impact)
- **Sales Tax:**
 - 20% loss compared to FY 2018/19
 - Some offset by new internet sales tax revenues
 - Small business deferrals: State 12-month/CDTFA 90-day deferrals
- **TOT** – 32% loss of revenue
- **Fees** – closure of parks & recreation facilities, cancelled programs



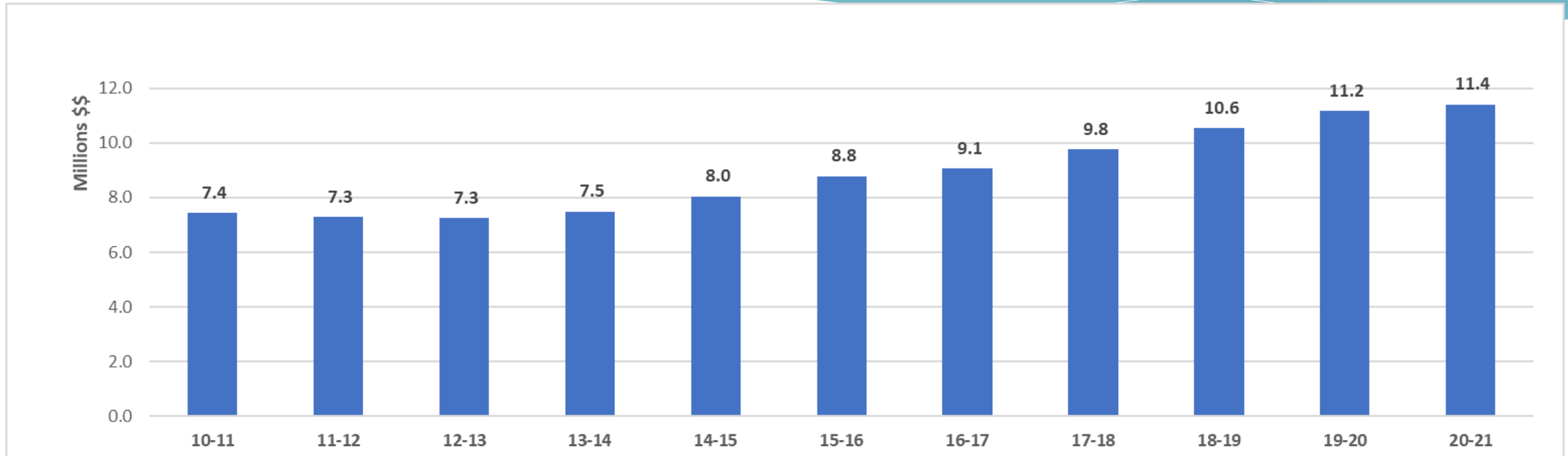
Sales Tax & TOT Assumptions

	FY 2017-18 Actuals	FY 2018-19 Actuals	FY 2019-20 Est Actuals	FY 2020-21 Proposed	Growth/ (reduction)
Sales Tax	\$ 2,800,575	\$ 2,710,944	\$ 1,988,431	\$ 2,200,000	
July - Sept	552,100	536,370	645,075	516,060	80% of FY 2020 Actuals
Oct - Dec	898,947	773,736	677,003	541,602	80% of FY 2020 Actuals
Jan - Mar	626,351	703,489	366,354	545,429	90% of FY 2020 Adopted
April - June	723,177	697,348	300,000	647,359	100% of FY 2020 Adopted
				2,250,451	
TOT	1,593,331	1,548,920	1,018,561	1,060,000	
July - Sept	498,439	483,331	484,244	145,273	30% of FY 2020 Actuals
Oct - Dec	373,934	345,554	356,862	214,117	60% of FY 2020 Actuals
Jan - Mar	399,632	274,021	125,454	307,422	90% of FY 2020 Adopted
April - June	321,325	446,014	52,000	389,085	100% of FY 2020 Adopted
				1,055,897	

Property Tax Distribution



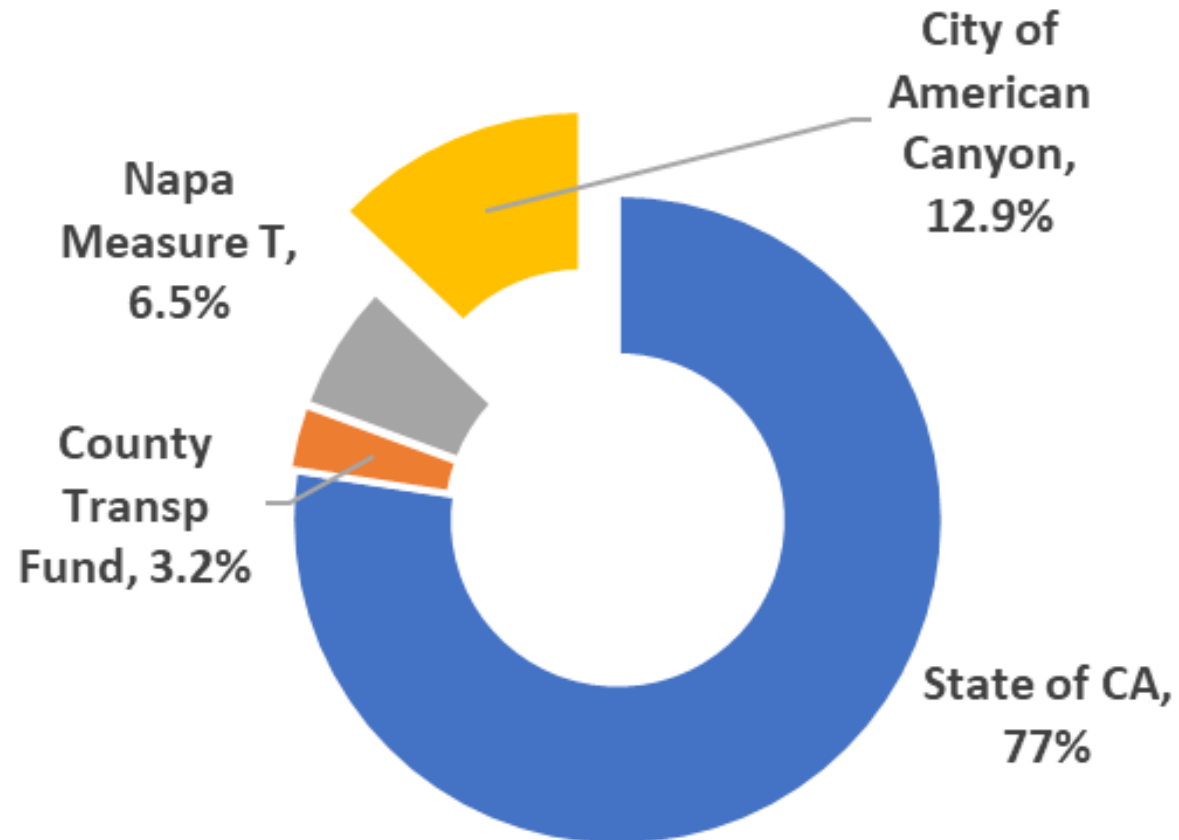
Property Tax Revenue



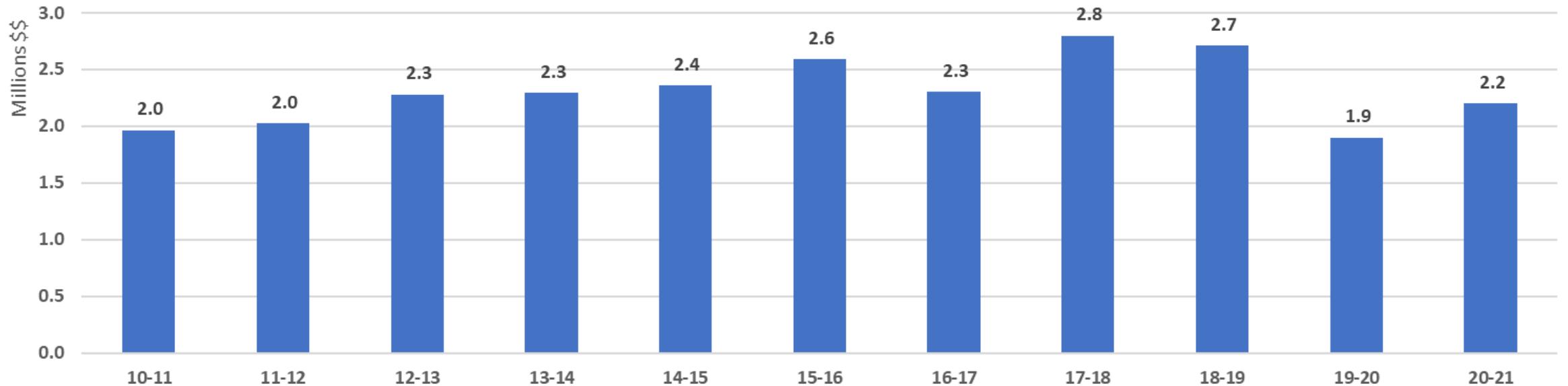
- #1 source of GF revenue
- Great Recession impacts 2011-2013
- Projected growth for FY 2020/21

Where does my Sales Tax go?

American Canyon Sales Tax - 7.75%

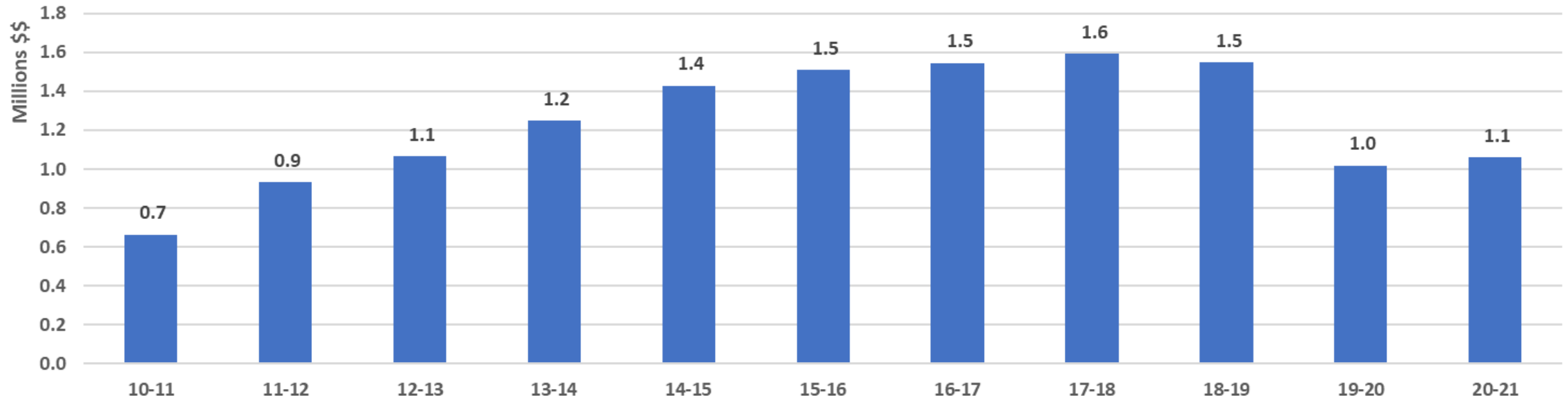


Sales Tax Revenue History



- #2 source of GF revenue
- Economic fluctuations
- Even before COVID, decline due to online and out of city sales
- Significant impacts on FY 2019/20 and FY 2020/21 revenues

Transient Occupancy Tax History



- TOT had grown to third largest revenue
- Dramatic decreased this year and next year due to closures

General Fund Projected Revenues FY 2020-21

	2017/18	2018/19	2019/20	2020/21	Change	
	Actual	Actual	Est Actual	Proposed	2018/19	
Beginning Fund Balance	8,364,187	8,557,183	10,359,266	8,982,102		
Revenues						
Property Tax	9,778,187	10,552,090	11,187,400	11,417,900	865,810	8%
Sales Tax	2,800,575	2,710,944	1,900,000	2,200,000	(510,944)	-19%
Transient Occupancy Tax	1,593,331	1,548,920	1,018,600	1,060,000	(488,920)	-32%
Other Taxes - TBID & Cardroom Tax	466,140	484,579	111,700	202,600	(281,979)	-58%
Franchise Taxes	738,064	750,990	695,400	764,800	13,810	2%
Fines and Forfeitures	91,740	151,166	67,500	49,000	(102,166)	-68%
Licenses and Permits	762,618	427,630	519,600	523,800	96,170	22%
Intergovernmental	113,067	290,984	91,900	40,600	(250,384)	-86%
Charges for Services	833,154	561,942	407,800	396,600	(165,342)	-29%
Charges for Developer Projects*	1,311,654	1,247,034	0	0	-	N/A
Interest and Rents	210,046	987,814	453,400	477,700	(510,114)	-52%
Other Revenues	548,626	715,518	487,775	345,400	(370,118)	-52%
Transfers In	1,696,019	2,434,892	2,582,300	1,835,500	(599,392)	-25%
Total Operating Revenues	20,943,221	22,864,505	19,523,375	19,313,900	(2,303,571)	-16%

General Fund Expenditures



GF Expenditure Assumptions

- 4% COLA assumed
- PERS & OPEB cost increases
- Internal Services funding
- Continuing to refine



General Fund Est. Expenditures FY 2020-21

	2017/18 Actual	2018/19 Actual	2019/20 Est Actual	2020/21 Proposed	Change 2018/19	
Expenditures						
Salaries & Benefits	6,004,719	5,912,403	6,329,100	6,753,213	840,810	14%
PERS Retirement	610,073	659,569	731,900	733,600	74,031	11%
Post Employment Medical Benefits	413,918	312,407	312,200	564,800	252,393	81%
Maintenance & Utilities	710,692	680,886	765,400	780,400	99,514	15%
Supplies & Services	11,404,405	11,558,279	10,942,221	11,529,700	(28,579)	0%
Internal Service Fees	657,500	1,222,400	712,000	1,480,700	258,300	21%
Capital Outlay	49,043	23,712	183,000	221,000	197,288	832%
Transfers Out	899,874	692,767	924,718	423,800	(268,967)	-39%
Total Operating Expenditures	20,750,225	21,062,422	20,900,539	22,487,213	1,424,791	7%

Balancing Measures in Proposed Budget

- Postpone Capital Projects
- Reduce community events
- Eliminate funding for 4 vacant positions
- Reduce non-essential overtime
- Laid off 53 part-time Parks & Rec employees (in FY 2019-20)
- Reduce all non-essential travel & training



Reduce Capital Improvement Project Funding

General Plan Update - on-going with other funding sources	<\$222,000>
Wetlands Edge Educational Project <ul style="list-style-type: none"> \$50,000 remains dedicated; Project on hold; \$246,501 in grant funding 	<\$100,000>
FY 2019-20 Public Facilities Renovation <ul style="list-style-type: none"> Project on hold; \$200,000. Prop 68 funding 	<\$ 40,000>
Newell Creek Upper Watershed Sediment - Completed	<\$ 39,223>
Phillip West Aquatics Center Pool Dome - Project on hold	<\$150,000>
Eucalyptus Sidewalk & ADA Improvements	< <u>\$ 45,000</u> >
Project changes	<\$596,000>

Reduce Community Events

All programs and events are canceled through May 31

- Recognition Ball (May 2)
- Sr Center 10th Anniversary Ceremony (May 8)

Programs cancellation consideration for the summer by April 24

- Canyon Kids Summer Camp
- Take Charge Teens
- Summer Competitive Basketball – whole season
- Aquatics operations



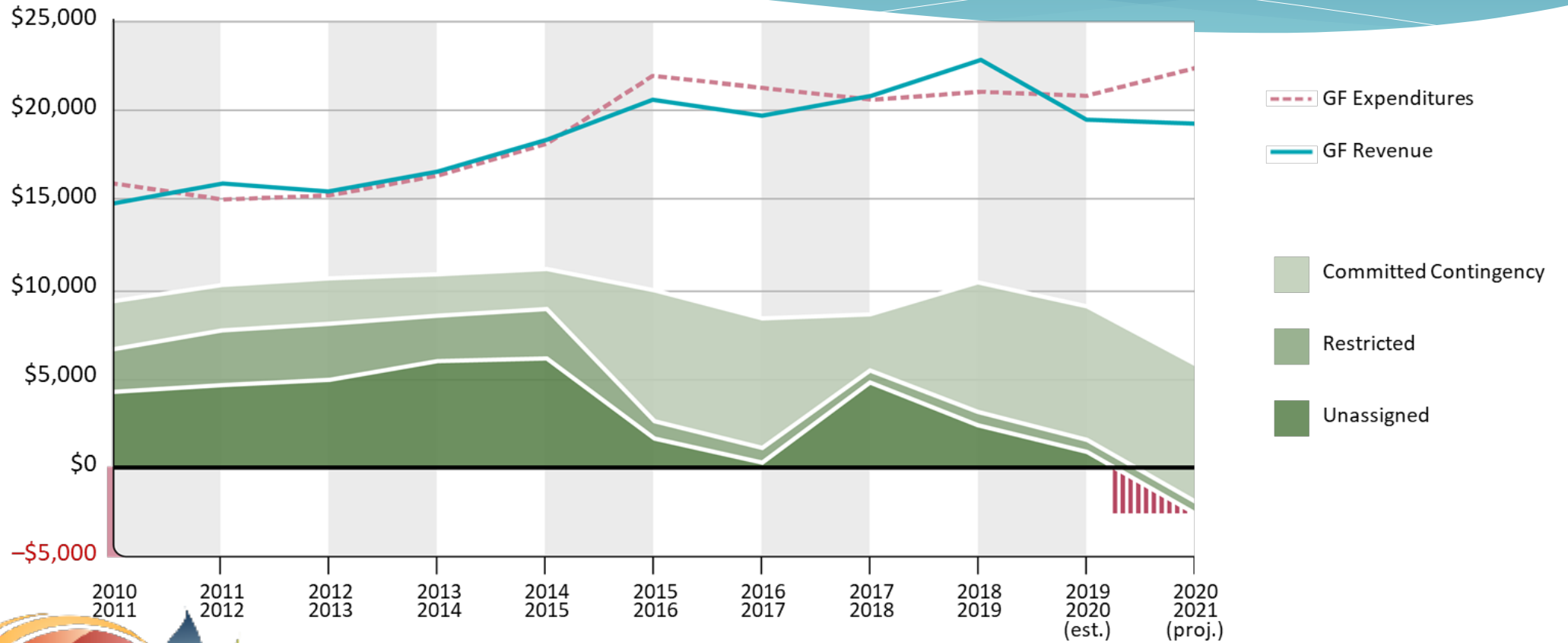
General Fund – Fund Balance



GF Fund Balance Summary

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
<i>(in millions)</i>	Actual	Actual	Est Actual	Proposed
Beginning Total Fund Balance	8,364	8,557	10,359	8,982
Operating Revenues	20,943	22,865	19,523	19,314
Operating Expenditures	20,750	21,062	20,901	22,526
Annual Surplus/(Shortfall)	193	1,802	(1,377)	(3,212)
Ending Total Fund Balance	8,557	10,359	8,982	5,770

General Fund Reserve Balance



GF Fund Reserve Balance Summary

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Fund Balance Designations	Actual	Actual	Est Actual	Proposed
Total Restricted	832,326	777,161	686,426	669,426
Contingency	4,450,888	4,596,464	4,748,657	4,912,630
Capital Projects	1,750,000	1,425,000	1,525,000	1,625,000
Economic Development	1,000,000	1,000,000	1,000,000	1,000,000
General Plan Update	222,500	222,691	222,691	227,691
Total Assigned	7,423,388	7,244,155	7,496,348	7,765,321
Unassigned	301,469	2,337,950	799,328	(2,664,408)
Total Unrestricted	7,724,857	9,582,105	8,295,676	5,100,913
Total Designated Fund Balance	8,557,183	10,359,266	8,982,102	5,770,339

Next Steps

Balancing Options/Strategies to Consider

- Reduce ISF funding (defer fleet purchases)
- Evaluate existing part-time & vacant positions
- Engage discussion with bargaining units
- Consider new revenue opportunities



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Thank You
Questions & Review