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MAIN CONTACT

Jen Kansanback

Communications Manager

jkansanback@cityofamericancanyon.org

(707) 647-5355

City Council Adopts a Fiscal Year 2020/21 Budget with 'Zero General Fund Shortfall' and New Operational Efficiencies

American Canyon, CA – The American Canyon City Council received its fifth (5th) and final presentation resulting in the adoption of a new \$68.4 million budget for Fiscal Year 2020/21. Facing a nearly 20% revenue interruption from Transient Occupancy Tax and Sales Tax due to the *2020 COVID-19 Pandemic*, the City Council initially provided guiding principles to establish the new budget. City Manager Jason Holley “The Council’s goal is to stabilize the organization fiscally in the face of unanticipated revenue deterioration while preserving current employee positions to continue to deliver valuable City services. Using previously accumulated revenues, the team developed a balanced approach and also took time to creatively reposition the organization through our Virtual City Hall to weather this current storm.”

The newly adopted budget avoids layoffs, preserves ‘rainy-day’ funding, and prevents new tax measures. While the City will implement twenty (20) unpaid furlough days next year, all employees will receive a 2% cost of living increase. In partnership with the Teamsters Local #315, the represented Employees secured another year on their current labor contract. “Our employees are our most valuable asset, and we appreciate their willingness to help stabilize the City’s fiscal future during these deeply uncertain times,” said Holley.

The City was faced initially with a \$4.1M shortfall, through significant expenditure reductions, and the projected use of previously accumulated unassigned funds the budget is now balanced. Expenditure savings include re-negotiated professional services contracts, leaving various vacant positions unfunded, and five rounds of budget refinements to ultimately develop a balanced outcome without the use of City reserves. The result will better position the City to withstand additional ongoing economic calamity next year should recovery from ‘Pandemic Recession’



fail to occur. Ultimately, next year's General Fund Appropriations are 4.4% less (\$953,000) than Fiscal Year 2019/20 – a noteworthy achievement in an era of ever-rising costs for services.

Despite the lean budget, American Canyon is still pursuing initiatives that will help the organization in the future, including:

- Leveraging low-interest-rate debt to implement an extensive Citywide energy savings project resulting in lower future energy costs.
- Upgrading the City's financial system to automate manual work currently completed by staff and developing a five-year forecast to refine the City's long-term fiscal position.
- Improving the delivery of maintenance and utilities programs and services through the creation of a separate Maintenance and Utility Department - it's worth noting this cost-neutral re-organization does not add new positions because the Department will be led by a new Director position that was created through the re-classification of an existing position.

Interim Finance Director Tracy Vesely highlighted the existence of many assumptions and uncertainties and explained many of the budget solutions were one-time measures and simple deferments. "We will continue to monitor the State's possible significant reductions in per-pupil education funding, which, although historically unrelated to City operations, could reduce funding for the City too because of unique circumstances in Napa County. This unintended result could be triggered by the decline in Napa Valley Unified School District enrollment elsewhere and the complicated interplay of the attendant State regulations related to the District's potential 'Basic Aid' status, thereby resulting in an additional \$1.7 million loss of VLF in Lieu revenue (which is Property Tax Revenue) to the City," said Vesely. She also outlined a schedule to monitor revenues and expenditures to keep the City Council apprised next year.

The City Council complimented and expressed gratitude to the staff for their dedication and the transparent, deliberate approach to providing a balanced budget. More information about the City's budget process is available at CityofAmericanCanyon.org/budget.

