

**FIRCREST CITY COUNCIL
STUDY SESSION AGENDA**

**TUESDAY, APRIL 20, 2020
6:00 P.M.**

**COUNCIL CHAMBERS
FIRCREST CITY HALL, 115 RAMSDELL STREET**

- 1. Call to Order**
- 2. Pledge of Allegiance**
- 3. Roll Call**
- 4. Agenda Modifications**
- 5. COVID-19 Budget Impacts Discussion**
- 6. Adjournment**

AGENDA ITEM: COVID-19 Budget Impacts Discussion

FROM: Scott Pingel, City Manager

BACKGROUND: The Coronavirus Pandemic is and will continue to impact the City's 2020 budget and likely the City's 2021 budget as well. These projections are fairly early, but we believe they are close enough to provide a picture of what our financial position will look like through the end of 2020. Moving forward beyond the May 4th deadline of the Stay Home order, we anticipate that City facilities will not be able to open to the public. The assumption is that social distancing guidelines will remain in effect along with some restriction of the gathering of people.

Here is the overall picture:

- Original 2020 Budgeted operating revenues vs. expenditures = +\$5,255

- Projected General Fund revenue shortfall \approx \$522,000
 - Main contributors:
 - General Property Tax down \approx \$20,000 to account for potential increased delinquency
 - Retail Sales Tax down \approx \$205,000
 - Zoo Tax down \approx \$30,000
 - All Pool Revenue zeroed out = \$84,500
 - Municipal Court Fees down \approx \$90,000

- Projected Operating Expenditures savings \approx \$315,000
 - Main contributors:
 - Open Grant Writer position \approx \$15,000 savings
 - Projected Liability Insurance Savings \approx \$13,500
 - Police Salaries Savings \approx \$42,325 (\$30k for hiring new officer early did not pan out)
 - Police Benefits Savings \approx \$12,760 (\$6,000 for hiring new officer early that did not pan out)
 - Unused Emphasis Patrol Savings \approx \$15,000
 - Reduced Pool Costs based on potential building delays \approx \$100,000

- Projected operating shortfall (revenues vs. expenditures) \approx \$202,000

The good news in all of this is that when we take into consideration our actual 2020 undesignated beginning fund balance (\$1,116,324) vs budgeted (\$849,928), our projected undesignated ending fund balance for 2020 (\$784,216) is still higher with the operating shortfall (\$202,000) than we budgeted it to be at the end of 2020. Our General Fund undesignated ending fund balance is always a number to be aware of. The number and how it is trending provide a

decent snapshot of our overall financial health. At the end of 2019, our undesignated ending fund balance was \$266,396 more than budgeted. See the breakdown below:

Beginning Fund Balance Description	2020 Budget	2020 Projected	2020 Difference
Des. Fund Bal/Light	575,058	593,258	18,200
Des. Fund Bal/44th Alameda	578,441	661,838	83,397
Reserved for Cash Flow	1,450,000	1,450,000	0
Undes. Unres. Fund Balance	849,928	1,116,324	266,396
Total Fund Balance	3,453,427	3,821,420	367,993

Due to the significant increase in the undesignated beginning fund balance, we recommend we use the 2020 projected undesignated ending fund balance to cover the operating shortfall. In doing so, we still project the undesignated ending fund balance to increase by \$68,000 (\$784,216 less \$716,183) over what was originally budgeted for 2020. The projected ending fund balances breakdown as follows assuming the ending fund balance covers the operating shortfall:

Undesignated Ending Fund Balance	716,183	784,216	68,033
Reserved for Cash Flow	1,450,000	1,450,000	0
Designated/Light	505,393	523,593	18,200
Designated/44th Alameda	514,741	598,138	83,397
Total Ending Fund Balance	3,186,317	3,355,947	169,630

As you know the Governor’s “Stay at Home” order goes through May 4th. We hope to have a better idea of what the Governor will require beyond that in the next week or so in order to game plan staff time. Once the Stay Home Order is lifted, we are able to have most staff back at work.

At this point, staff are not seeking action from the City Council, but we do want feedback on the direction we are heading. We would like to know the City Council’s thoughts about using the ending fund balance to cover the operating shortfall, especially since the undesignated ending fund balance will still be higher than originally budgeted.