

# COVID-19 Financial Status Update

CITY MANAGER UPDATE

MAY 5, 2020

# COVID-19 Expenditures

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Disinfectant / Cleaning Supplies and Equipment	14,785.63
Meals	334.85
PPE	3,944.21
Virtual Meetings	7,257.09
Thermometers	2,720.54
Hand washing stations (monthly)	3,083.67
Closed and No Parking Signs	717.25
Windows at City Hall	<u>12,200.00</u>
	<u>45,043.24</u>
Payroll	548,297.78
Total Expenditures as of April 18, 2020	<u><u>593,341.02</u></u>

# Assumption Changes from April 7 Presentation

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- Revised sales tax collections for remainder of FY2020 to 20% less, per month, than FY2019 actuals (down from 14%)
- Revised motel tax collections based on actual payments in March and updated occupancy reports
  - 80% decrease in 3Q FY2020 from 3Q FY2019 actuals (down from 60%)
  - 75% decrease in 4Q FY2020 from 4Q FY2019 actuals (down from 50%)

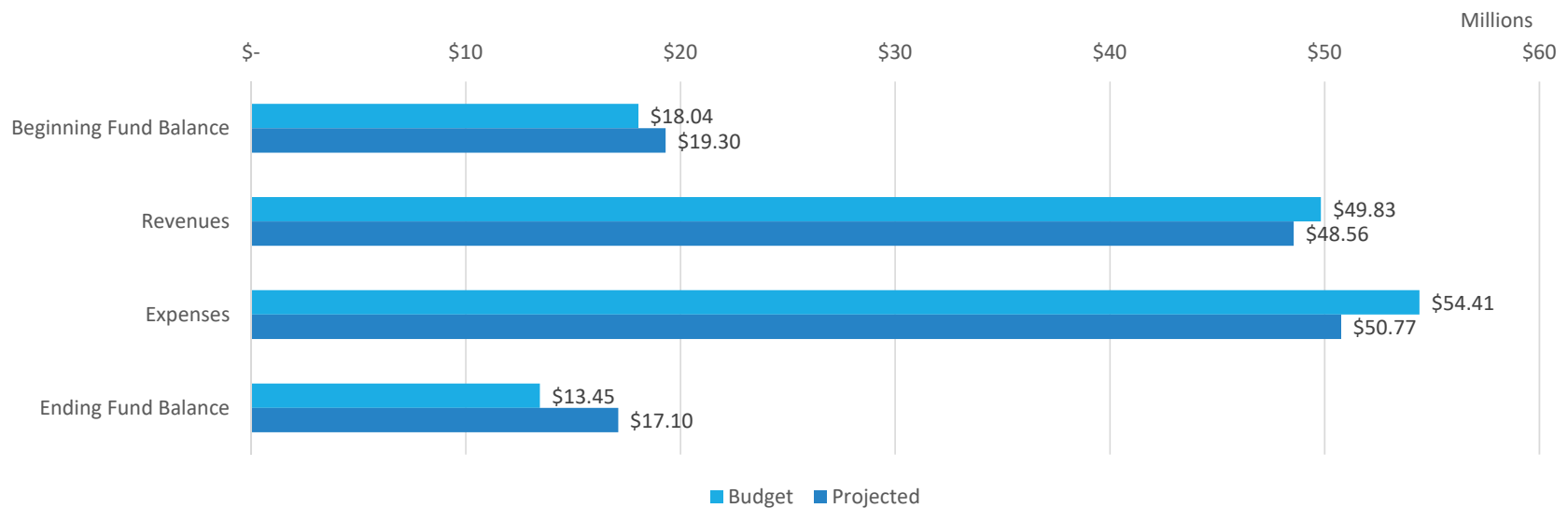
# General Fund



# General Fund - Fund Balance

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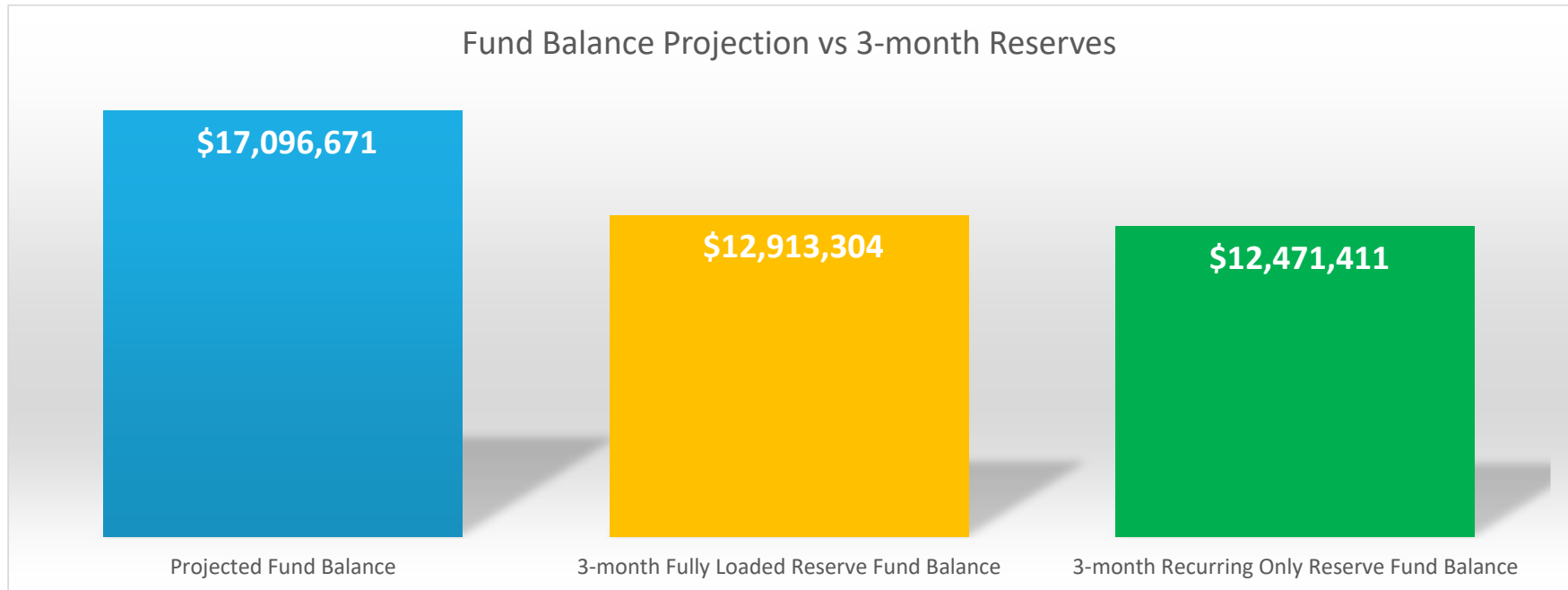
### FY2020 Budget vs Projections



# Change in Fund Balance

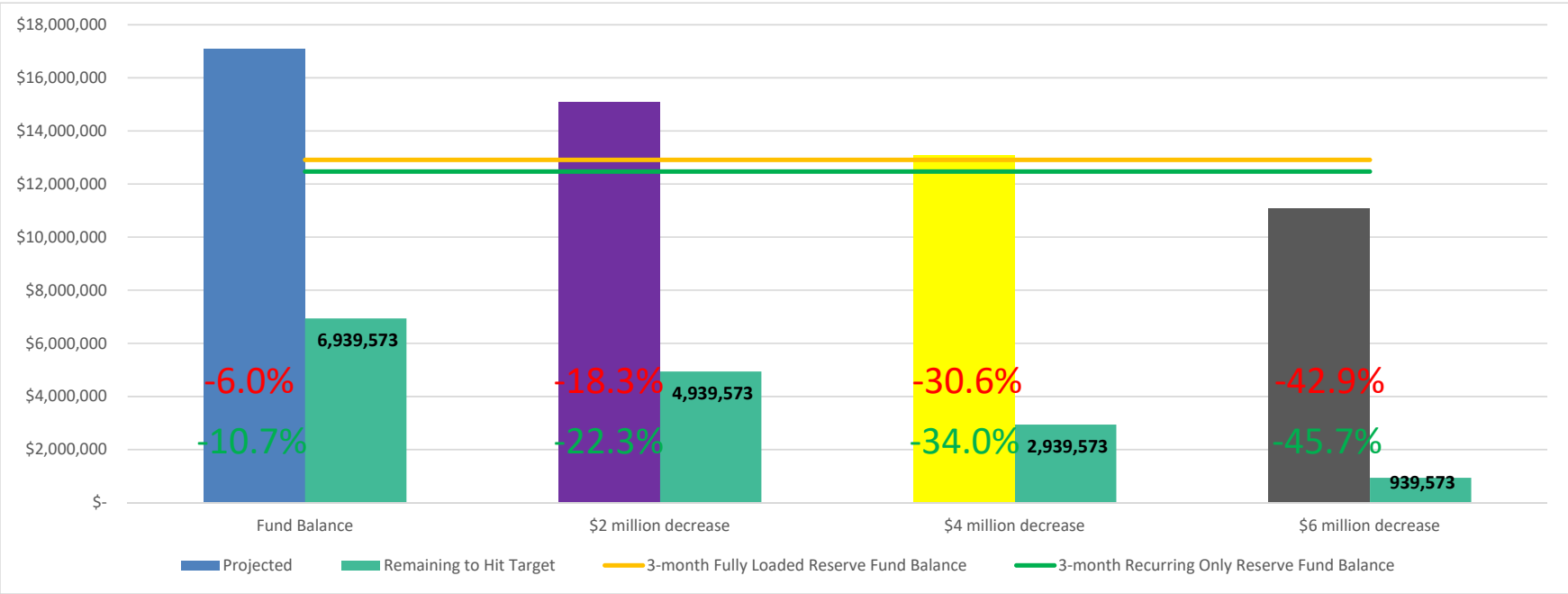
	<b>Budget</b>	<b>Projected</b>	<b>Variance</b>
Property Tax	\$ 16,471,139	\$ 16,421,139	\$ (50,000)
Sales Tax	16,256,000	15,288,300	(967,700)
Franchise	5,800,877	5,823,900	23,023
Municipal Court	1,049,000	868,530	(180,470)
Other	10,249,369	10,160,371	(88,998)
<b>Total Revenues</b>	<b>\$ 49,826,385</b>	<b>\$ 48,562,240</b>	<b>\$ (1,264,145)</b>
Personnel	\$ 33,835,784	\$ 32,934,656	\$ (901,128)
Maintenance & Operations	13,351,051	13,131,261	(219,790)
Transfers	3,947,100	2,446,528	(1,500,572)
Capital Outlay	3,278,149	2,256,985	(1,021,164)
<b>Total Expenditures</b>	<b>\$ 54,412,084</b>	<b>\$ 50,769,429</b>	<b>\$ (3,575,741)</b>
<b>Change in Fund Balance</b>	<b>\$ (4,585,699)</b>	<b>\$ (2,207,190)</b>	<b>\$ 2,378,509</b>

# Fund Balance Status



Projected Fund Balance of \$17.4 million represents 3.97 months of reserve based on fully loaded expenditures (includes one-time expenditures) or 4.11 months of reserve based on recurring only expenditures.

# Revenue Stress Test – Decline in Sales Tax



\*\*Red text indicates variance from budgeted sales tax revenue; green text indicates variance from FY2019 actuals\*\*

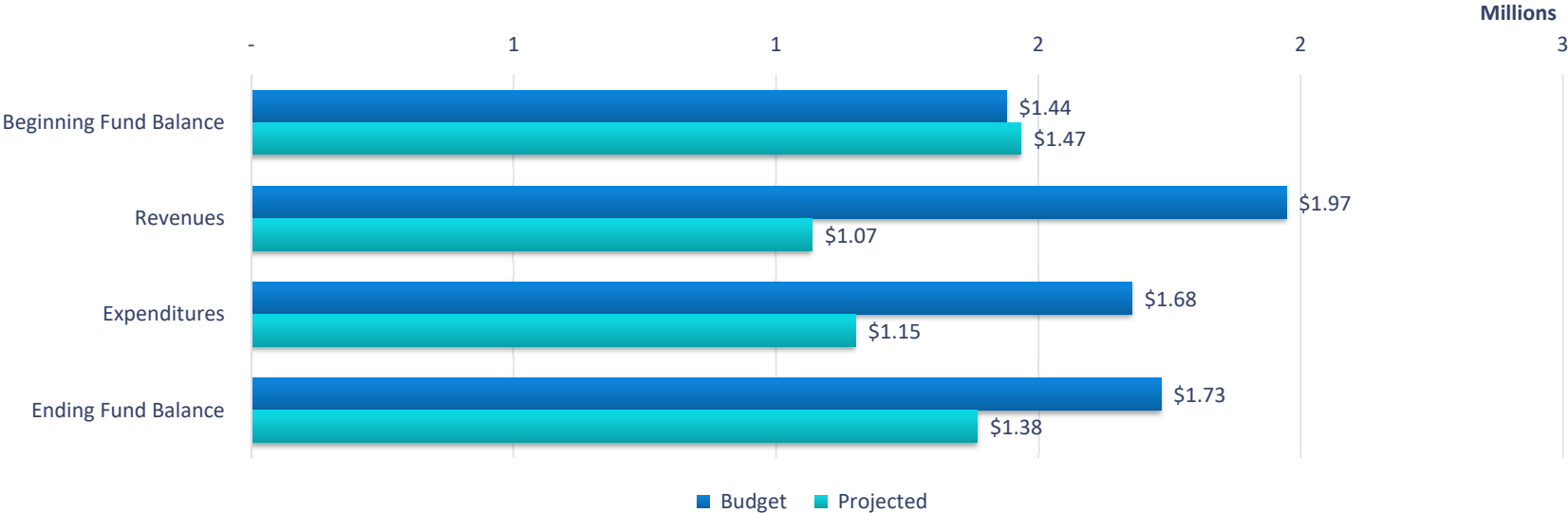


# Motel Tax Fund



# Motel Tax Fund - Fund Balance

FY2020 Budget vs Projections



# Change in Fund Balance

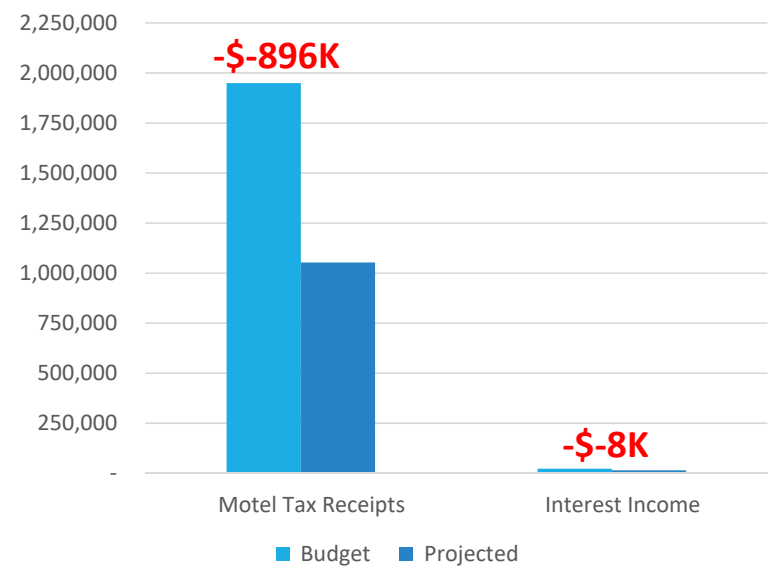
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	<b>Budget</b>	<b>Projected</b>	<b>Variance</b>
Motel Tax Revenues	\$ 1,950,000	\$ 1,053,582	\$ (896,418)
Interest Income	23,000	15,400	(7,600)
<b>Total Revenues:</b>	<b>\$ 1,973,000</b>	<b>\$ 1,068,982</b>	<b>\$ (904,018)</b>
Personnel	\$ 76,499	\$ 68,173	\$ (8,326)
Contractual Services	236,405	143,819	(92,586)
Transfers	845,566	783,066	(62,500)
Capital	420,400	57,609	(362,791)
Main Street Program	99,561	99,561	-
<b>Total Expenditures:</b>	<b>\$ 1,678,431</b>	<b>\$ 1,152,228</b>	<b>\$ (526,203)</b>
<b>Change in Fund Balance:</b>	<b>\$ 294,569</b>	<b>\$ (83,246)</b>	<b>\$ (377,815)</b>

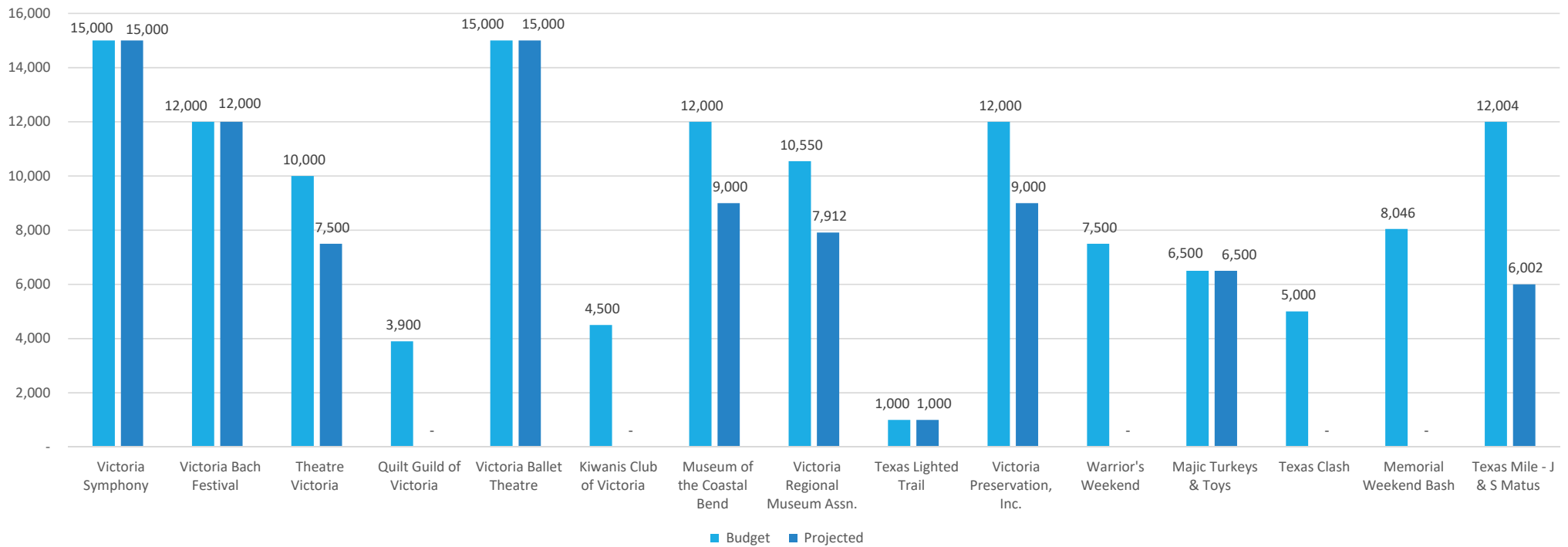
# Motel Tax Fund Revenues

	Actual / Actual / Motel Tax Receipts FY 2019	Projected Motel Tax Receipts FY 2020	FY 2020 vs. FY 2019 % Variance	Actual / Projected Motel Tax Receipts FY 2021	FY 2021 vs. FY 2020 % Variance	FY 2021 vs. FY 2019 % Variance
<i>Total Quarter Ending 12/31</i>	\$466,864	\$412,987	-12%	\$300,000	-27%	-36%
<i>Total Quarter Ending 3/31</i>	479,938	421,555	-12%	350,000	-17%	-27%
<i>Total Quarter Ending 6/30</i>	529,606	105,921	-80%	400,000	278%	-24%
<i>Total Quarter Ending 9/30</i>	452,475	113,119	-75%	452,500	300%	0%
<b>TOTAL FOR FISCAL YEAR</b>	<b>\$1,928,884</b>	<b>\$1,053,582</b>	<b>-45%</b>	<b>\$1,502,500</b>	<b>43%</b>	<b>-22%</b>
<b>FY 2010 Motel Tax Receipts</b> <i>(Financial Crisis Recession)</i>	<b>\$1,050,219</b>	<b>\$1,050,219</b>		<b>\$1,050,219</b>		
<b>Gross Rate Since FY 2010:</b>	46%	0%		30%		

FY2020 Budget vs Projections

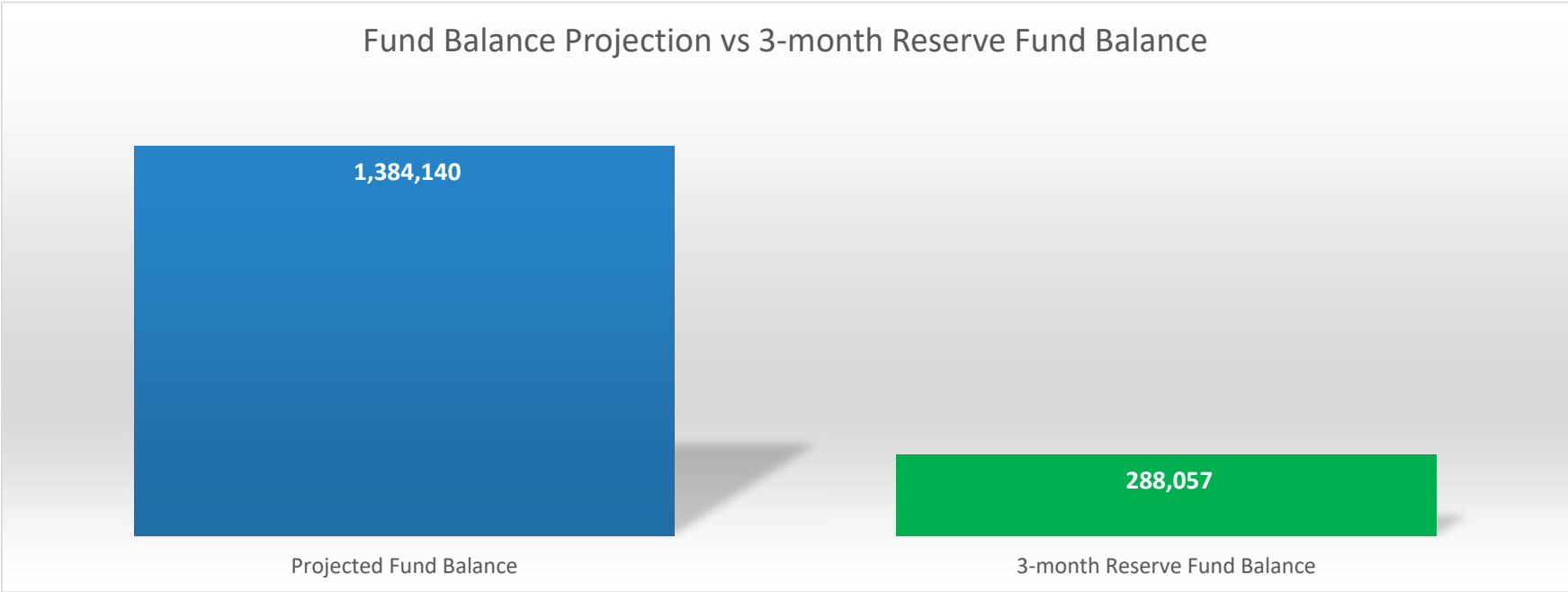


# Outside Agencies Programs



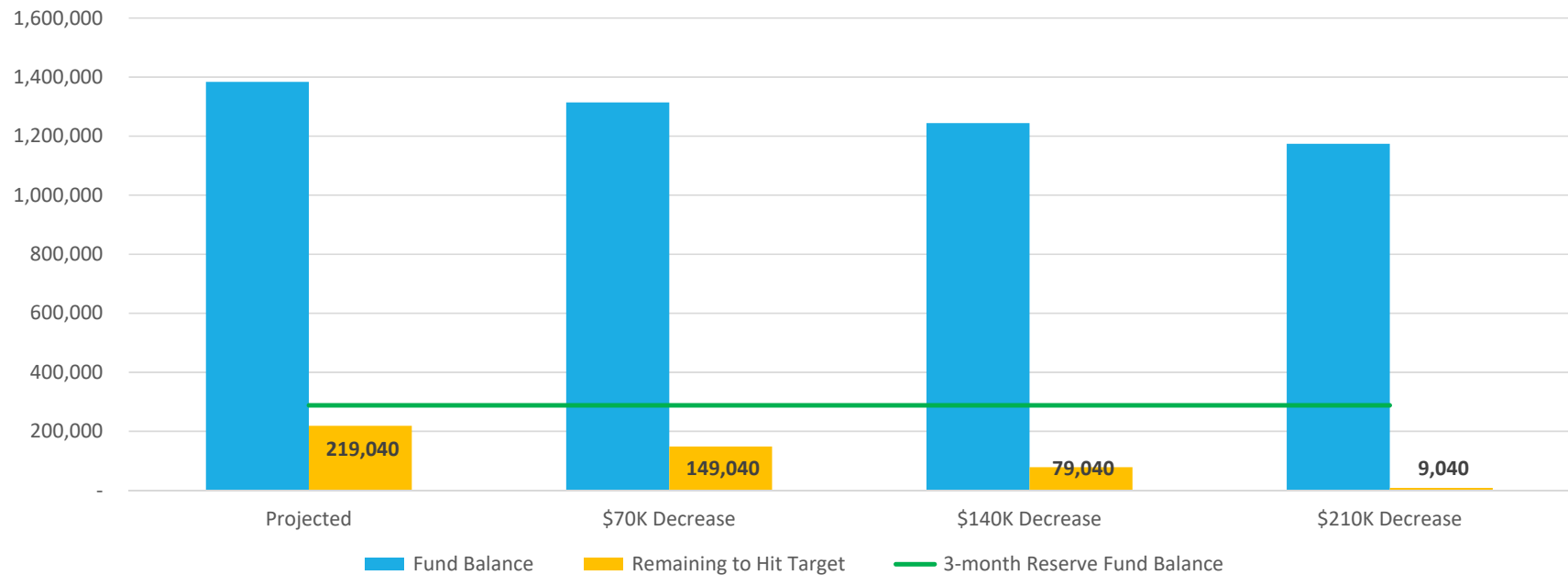
# Fund Balance Status

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Current projected ending fund balance represents a 14.4 month reserve of projected expenditures.

# Revenue Stress Test – Decline in Motel Tax Revenue



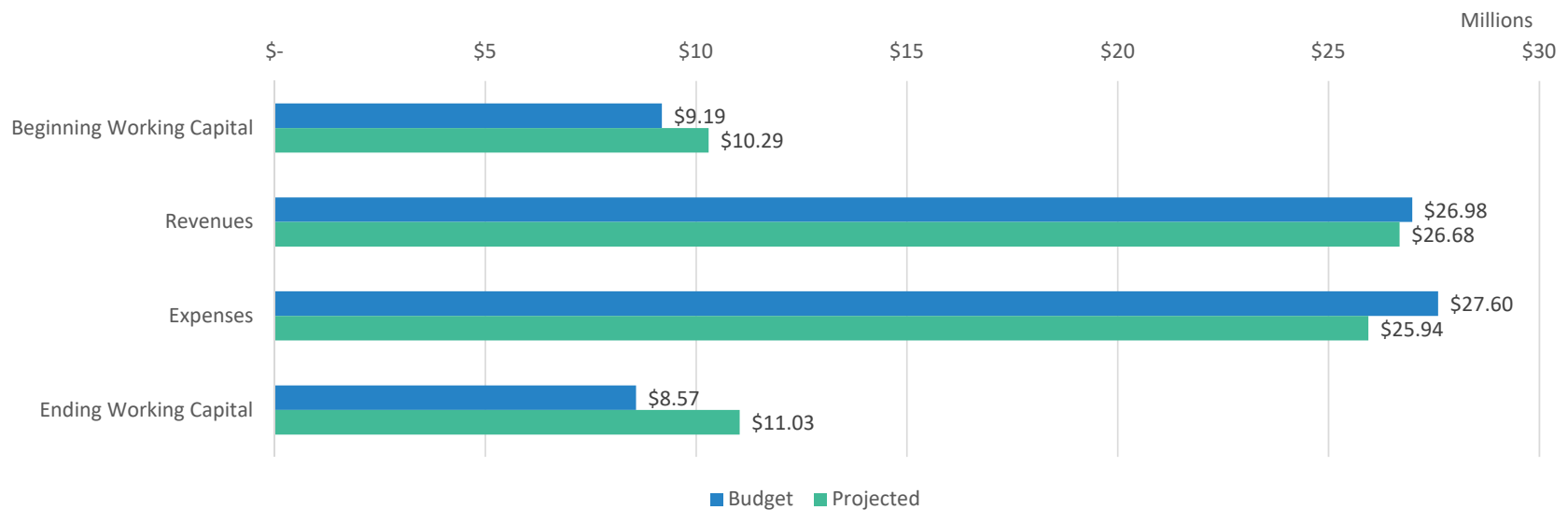
# Water / Wastewater Utility Fund





# Water / Wastewater Utility Fund Working Capital

## FY2020 Budget vs Projections



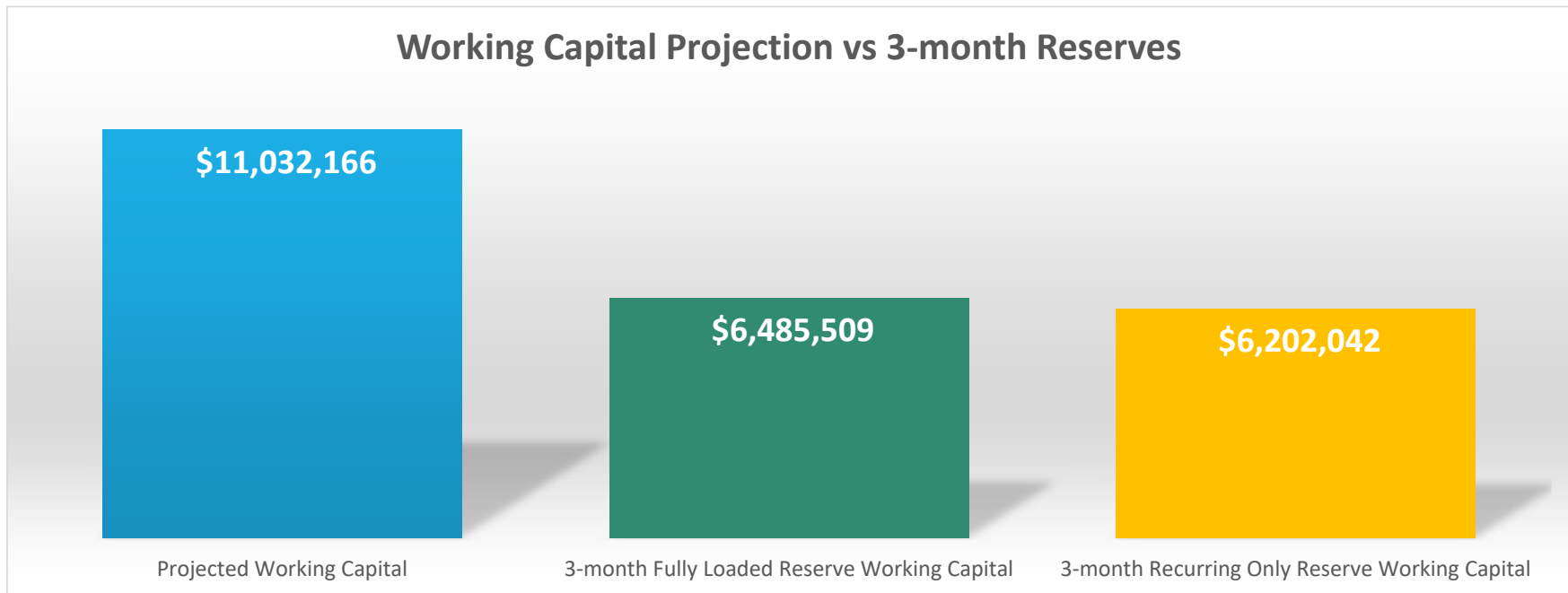
# Change in Working Capital

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	<b>Budget</b>	<b>Projected</b>	<b>Variance</b>
Water Sales	\$ 13,838,000	\$ 13,838,000	\$ -
Sewer Sales	12,038,000	11,840,668	(197,332)
Unbilled Industrial Surcharges	450,000	338,700	(111,300)
Hauler Fees	66,000	188,000	122,000
Other	589,472	475,133	(114,339)
<b>Total Revenues</b>	<b>\$ 26,981,472</b>	<b>\$ 26,680,501</b>	<b>\$ (300,971)</b>
Personnel	\$ 5,849,191	\$ 5,694,542	\$ (154,649)
Supplies	7,128,915	6,975,409	(153,506)
Transfers	2,638,900	2,638,900	-
Debt	9,244,219	9,243,899	(320)
Capital	2,734,166	1,389,288	(1,344,878)
<b>Total Expenses</b>	<b>\$ 27,595,391</b>	<b>\$ 25,942,038</b>	<b>\$ (1,653,353)</b>
<b>Change in Working Capital</b>	<b>\$ (613,919)</b>	<b>\$ 738,464</b>	<b>\$ 1,352,383</b>

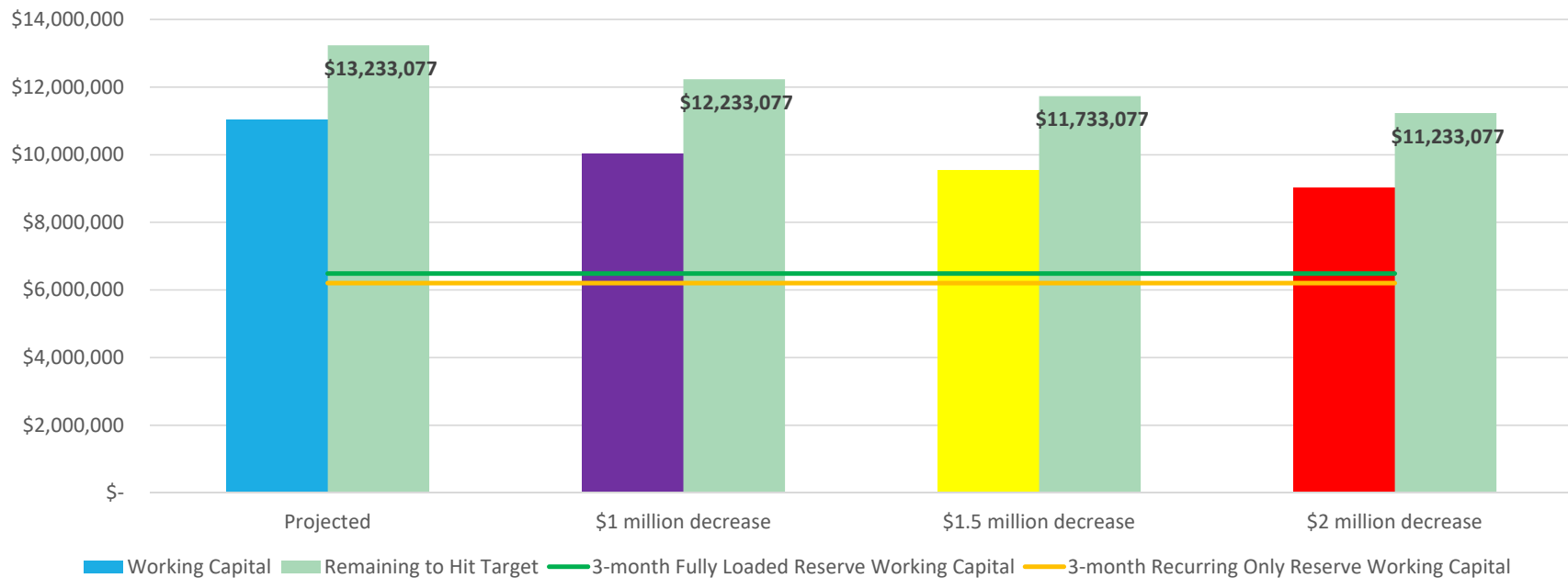
# Working Capital Status

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Projected Working Capital of \$11.0 million represents 5.10 months of reserve based on fully loaded expenses (includes one-time expenses) or 5.34 months of reserve based on recurring only expenses.

# Revenue Stress Test – Decline in Water / Wastewater Utility Fund Revenues



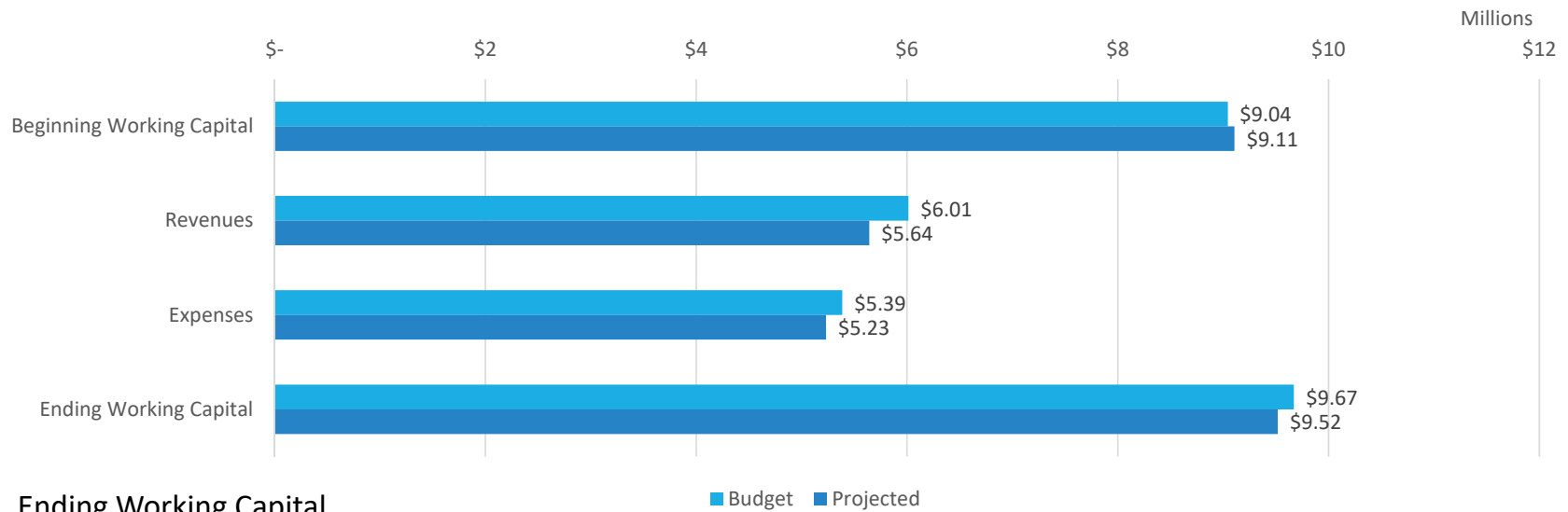
**\*\*Water Sales were above benchmark through first 6 months of FY2020 by \$448K; projection for remainder of FY2020 anticipates eliminating this positive variance\*\***

# Solid Waste Fund



# Solid Waste Fund Working Capital

FY2020 Budget vs Projections



**Ending Working Capital**

Operating = \$6,470,694

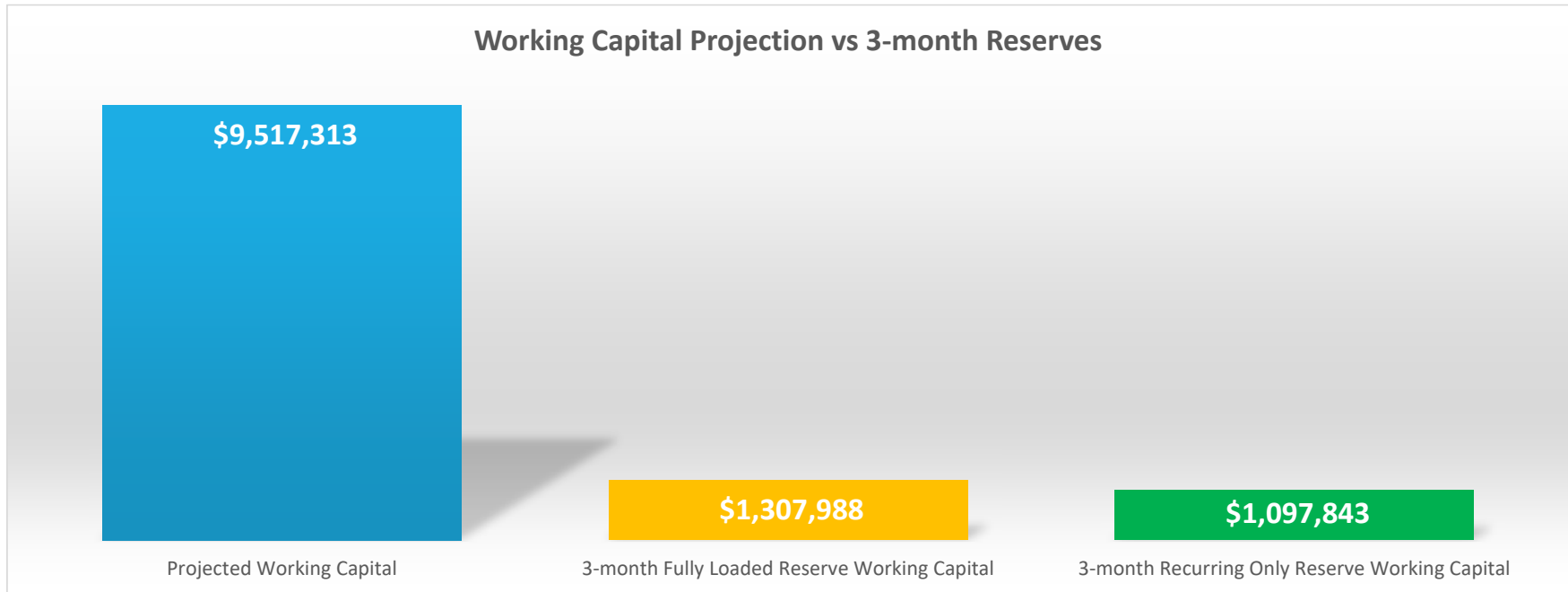
Closure = \$3,046,619

# Change in Working Capital

	<b>Budget</b>	<b>Projected</b>	<b>Variance</b>
Garbage Fees	\$ 3,442,000	\$ 3,255,550	\$ (186,450)
Extra Cart Fees	301,000	292,950	(8,050)
Brush & Bulky Collection Fixed Fees	437,500	414,288	(23,212)
Yard Waste Collection Fixed Fees	466,000	441,031	(24,969)
Recycling Center Collection Fixed Fees	690,600	653,846	(36,755)
Household Hazardous Waste Fees	153,800	145,530	(8,270)
Other	217,257	179,310	(37,947)
Closure & Post-closure	305,200	260,600	(44,600)
<b>Total Revenues</b>	<b>\$ 6,013,357</b>	<b>\$ 5,643,104</b>	<b>\$ (370,253)</b>
Personnel	\$ 1,316,787	\$ 1,338,793	\$ 22,006
Maintenance & Operations	2,783,331	2,643,671	(139,660)
Transfers	783,167	783,167	-
Capital	453,040	425,718	(27,322)
Closure / Post-Closure	50,000	40,603	(9,397)
<b>Total Expenses</b>	<b>\$ 5,386,325</b>	<b>\$ 5,231,952</b>	<b>\$ (154,373)</b>
<b>Change in Working Capital</b>	<b>\$ 627,032</b>	<b>\$ 411,152</b>	<b>\$ (215,880)</b>

# Fund Balance Status

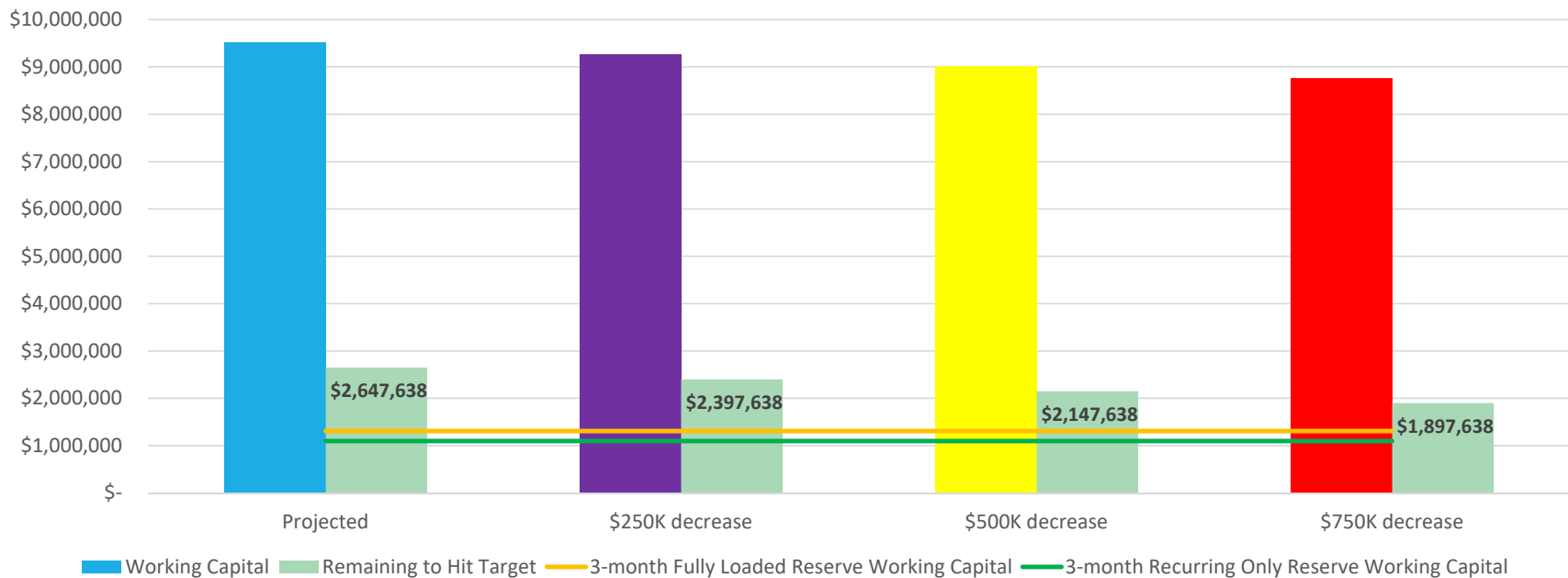
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Projected Working Capital of \$9.5 million represents 21.83 months of reserve based on fully loaded expenses (includes one-time expenses) or 26.40 months of reserve based on recurring only expenses.



# Revenue Stress Test – Decline in Solid Waste Fund Revenues

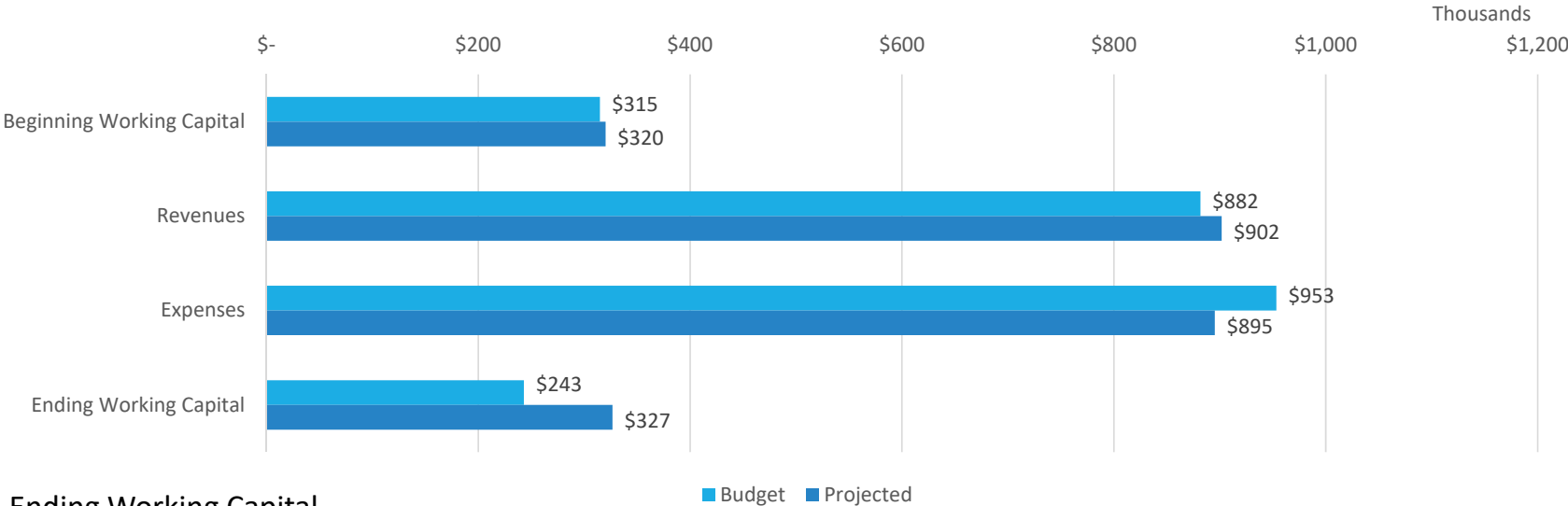


# Riverside Golf Course Fund



# Riverside Golf Course Fund Working Capital

FY2020 Budget vs Projections



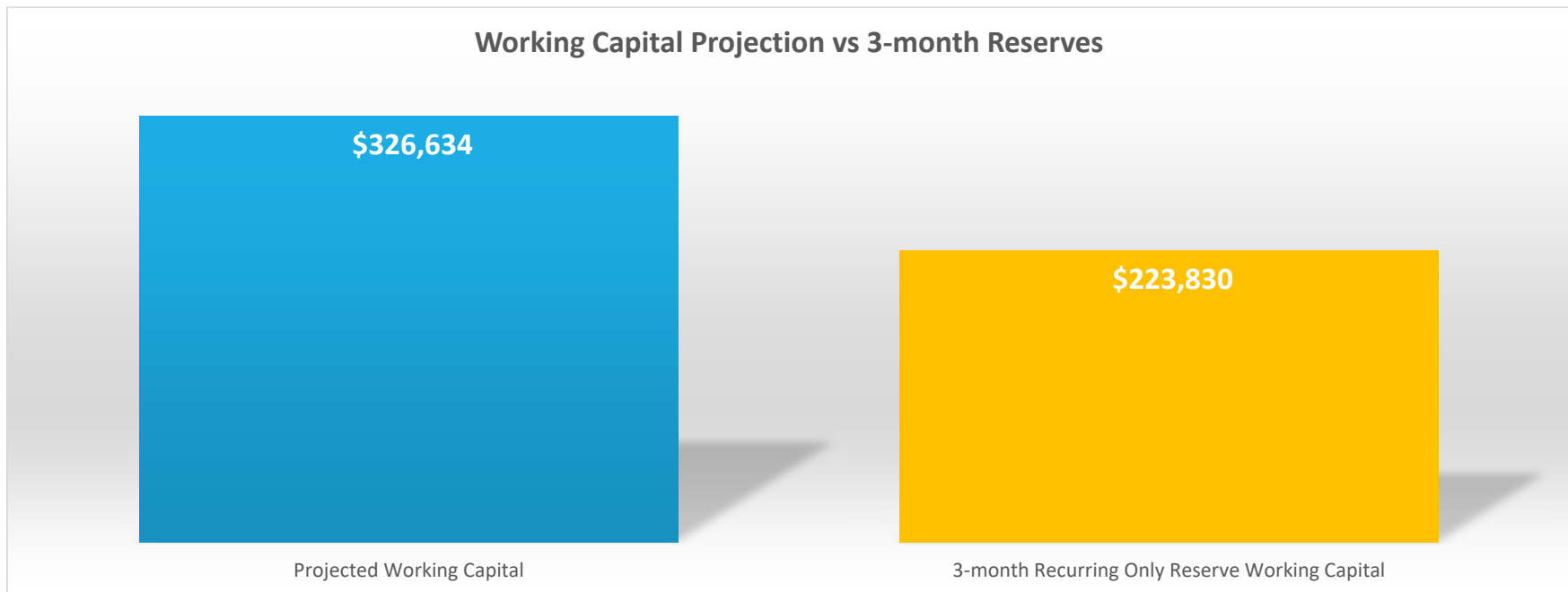
Ending Working Capital  
 Operating = \$261,263  
 Capital = \$65,371

# Change in Working Capital

	<b>Budget</b>	<b>Projected</b>	<b>Variance</b>
Golf Sales	\$ 707,786	\$ 743,748	\$ 35,962
Food & Beverage	110,000	98,800	(11,200)
Merchandise	40,000	30,200	(9,800)
Capital Replacement Surcharge	24,000	29,000	5,000
Miscellaneous	-	46	46
<b>Total Revenues</b>	<b>\$ 881,786</b>	<b>\$ 901,794</b>	<b>\$ 20,008</b>
Personnel	\$ 548,078	\$ 506,344	\$ (41,734)
Supplies	95,800	77,400	(18,400)
Cost of Goods Sold	58,802	46,710	(12,092)
Contractual Services	220,636	218,717	(1,919)
Other	30,150	46,150	16,000
<b>Total Expenses</b>	<b>\$ 953,466</b>	<b>\$ 895,321</b>	<b>\$ (58,145)</b>
<b>Change in Working Capital</b>	<b>\$ (71,680)</b>	<b>\$ 6,473</b>	<b>\$ 78,153</b>

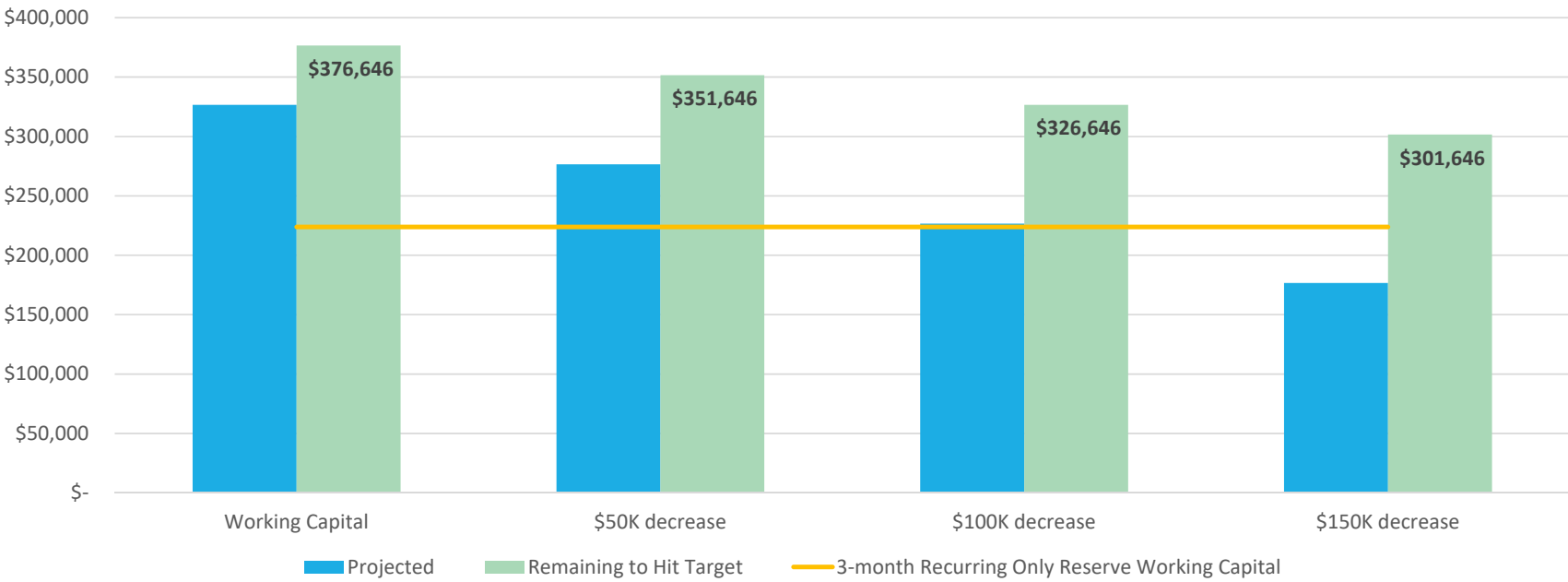
# Working Capital Status

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Projected Working Capital of \$327K represents 4.38 months of reserve based on recurring only expenditures.

# Revenue Stress Test – Decline in Revenues



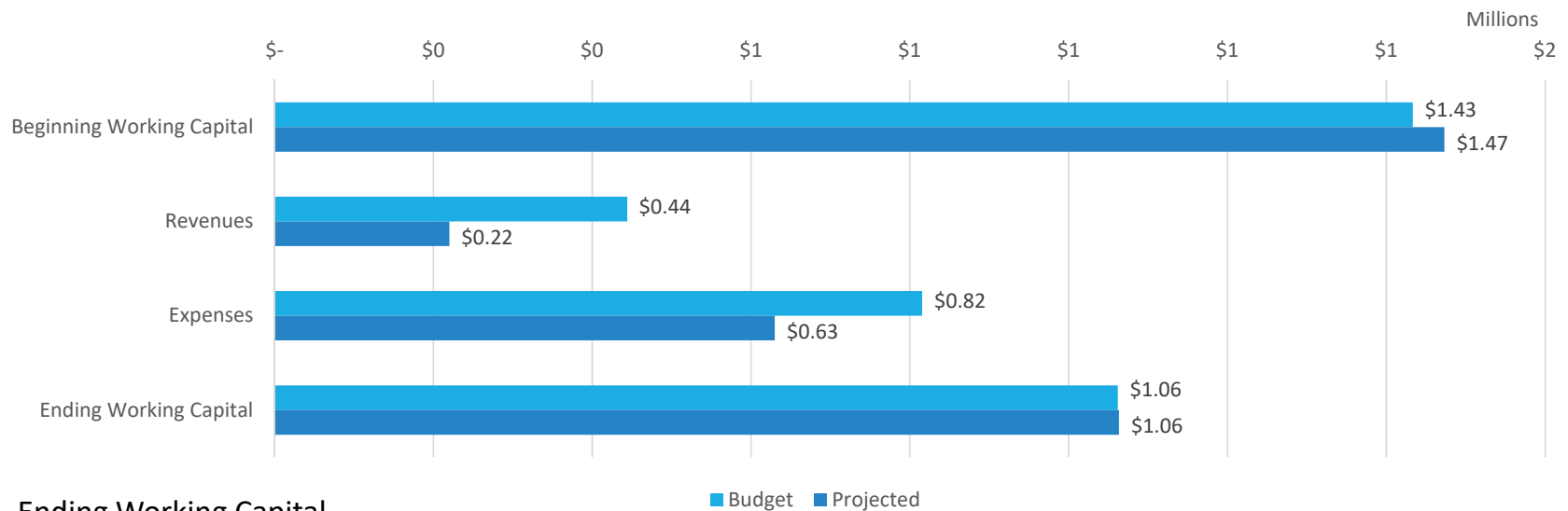
For the first 5 months of FY2020, Golf Sales were projected to come in over budget ~\$70K for the year; based on this and the summer time generating more revenue, we anticipate a short-term downturn in non-member rounds but an uptick once the golf course is re-opened. Members will continue paying fees while the golf course is closed.

# Community Center Fund



# Community Center Fund – Working Capital

FY2020 Budget vs Projections



**Ending Working Capital**

Operating = \$428,881

Building = \$634,438

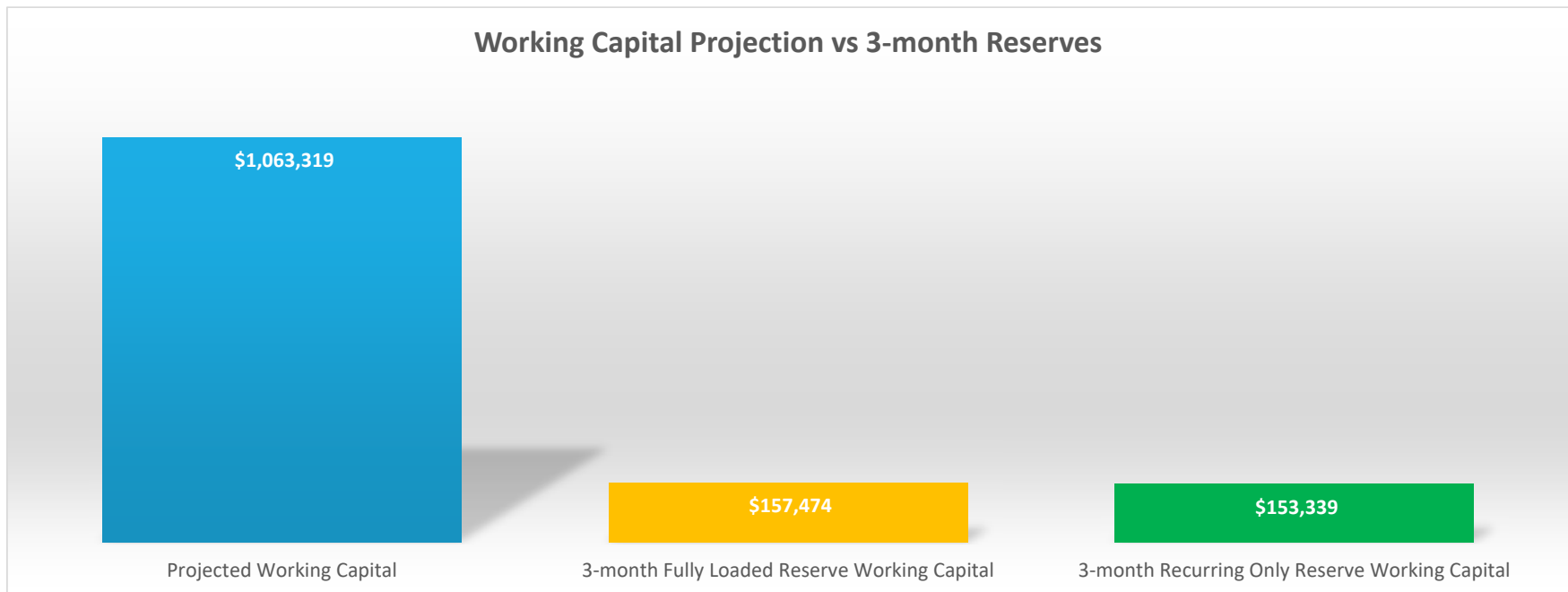


# Change in Working Capital

	<b>Budget</b>	<b>Projected</b>	<b>Variance</b>
Rental Fees	\$ 270,000	\$ 164,000	\$ (106,000)
Miscellaneous	23,900	18,600	(5,300)
Transfers from Motel Tax	150,000	37,500	(112,500)
<b>Total Revenues</b>	<b>\$ 443,900</b>	<b>\$ 220,100</b>	<b>\$ (223,800)</b>
Personnel	\$ 339,552	\$ 332,200	\$ (7,352)
M&O	255,912	249,697	(6,215)
Capital	196,200	24,200	(172,000)
Transfer	23,800	23,800	-
<b>Total Expenses</b>	<b>\$ 815,464</b>	<b>\$ 629,897</b>	<b>\$ (185,567)</b>
<b>Change in Working Capital</b>	<b>\$ (371,564)</b>	<b>\$ (409,797)</b>	<b>\$ (38,233)</b>

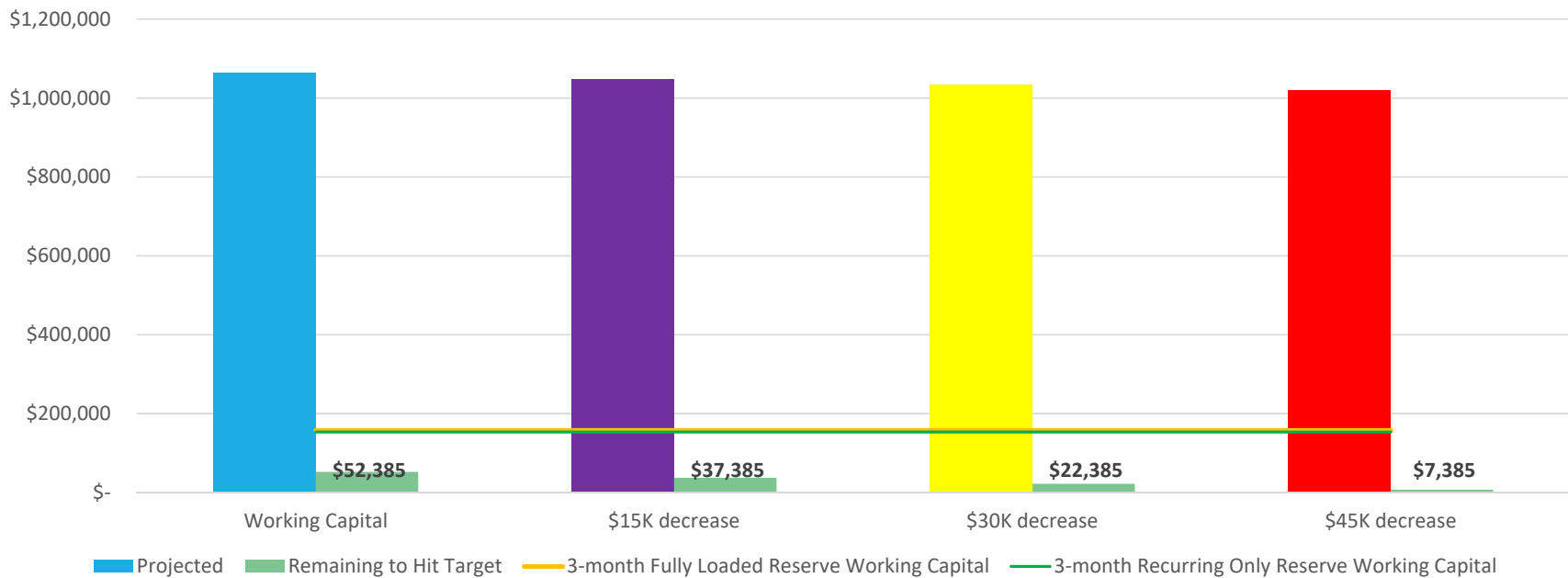
# Working Capital Status

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Projected Working Capital of \$1.06 million represents 20.26 months of reserve based on fully loaded expenses (includes one-time expenses) or 20.32 months of reserve based on recurring only expenses.

# Revenue Stress Test – Decline in Community Center Fund Revenues



# Recap

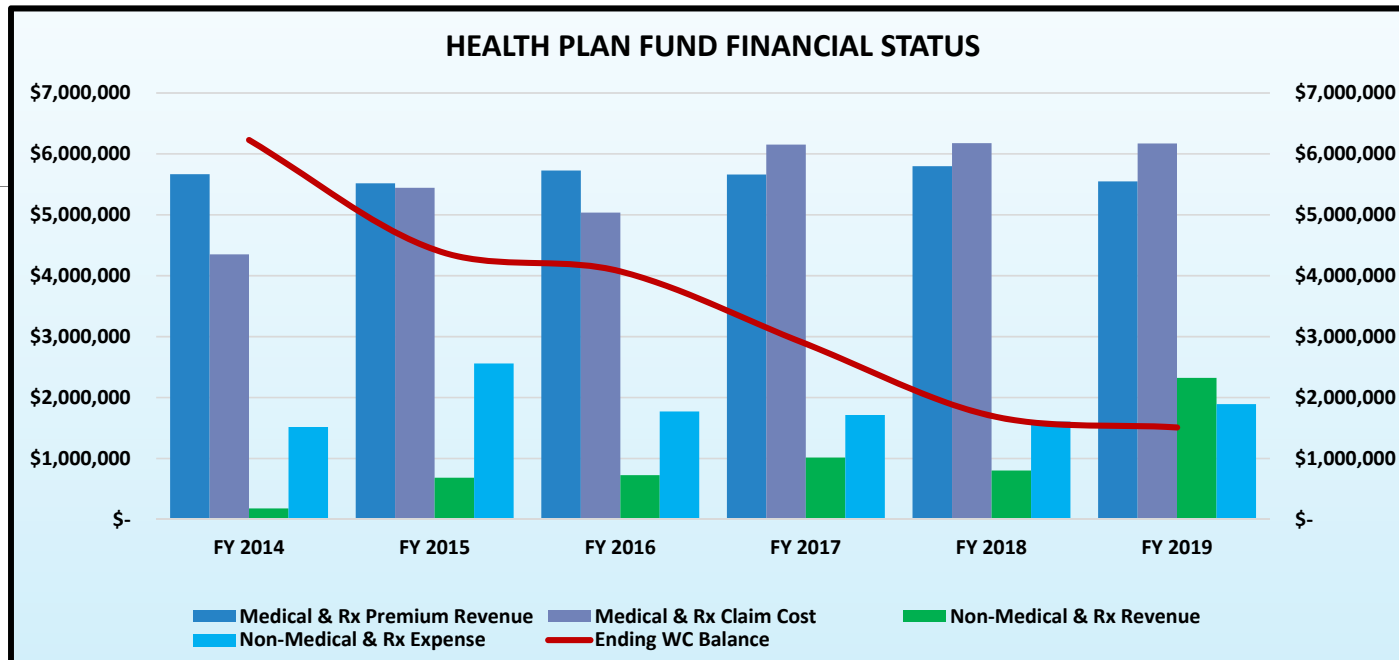
	<b>Budget</b>	<b>Projected</b>	<b>Variance</b>
General Fund	\$ 49,826,385	\$ 48,562,240	\$ (1,264,145)
Motel Tax Fund	1,973,000	1,068,982	(904,018)
Water / Wastewater Utility Fund	26,981,472	26,680,501	(300,971)
Solid Waste Fund	6,013,357	5,643,104	(370,253)
Riverside Golf Course Fund	881,786	901,794	20,008
Community Center Fund	443,900	220,100	(223,800)
Other Funds (Special Revenue, Debt Service, Construction, Internal Service)	45,744,034	44,429,886	(1,314,148)
<b>Total Revenues</b>	<b>\$ 131,863,934</b>	<b>\$ 127,506,607</b>	<b>\$ (4,357,327)</b>
General Fund	\$ 54,412,084	\$ 50,836,344	\$ (3,575,740)
Motel Tax Fund	1,678,431	1,152,228	(526,203)
Water / Wastewater Utility Fund	27,595,391	25,942,038	(1,653,353)
Solid Waste Fund	5,386,326	5,231,952	(154,373)
Riverside Golf Course Fund	953,466	895,321	(58,145)
Community Center Fund	815,464	629,897	(185,567)
Other Funds (Special Revenue, Debt Service, Construction, Internal Service)	48,931,623	54,498,378	5,566,755
<b>Total Expenditures / Expenses</b>	<b>\$ 139,772,785</b>	<b>\$ 139,186,158</b>	<b>\$ (586,627)</b>
<b>Net Change in Fund Balance / Working Capital</b>	<b>\$ (7,908,851)</b>	<b>\$ (11,679,551)</b>	<b>\$ (3,770,700)</b>

# Health Plan Fund Status Highlights

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MAY 5, 2020





#### Take Away:

- Current health premium rate tiers have not generated enough revenue to support medical & Rx claim cost.
- The cash flow budgeting method, based on fully-staffed positions, **has** helped – but not enough.
- Since FY 2016, working capital balance reserves started a steep decline.
- In FY 2019, working capital balance rate of decline has been reduced, mainly due to HDHP.

## Health Plan Fund Status Highlights

Categories	Lockton FY 2020	“What If” FY 2021
Total Estimated Medical & Rx Claim Cost:	\$5,632,901	\$5,632,901
Funding Rates from “Active” Enrollment (COV/EE):	4,124,900	4,124,900
Estimated Surplus/ <b>Deficit</b> , per Lockton:	<b>(\$1,508,001)</b>	<b>(\$1,508,001)</b>
Transfer from Other Fund:	1,000,000	-
Funding Rate Difference “Active” EE vs Budget EE:	513,597	513,597
Revised Estimated Surplus/ <b>Deficit</b> :	\$ 5,596	<b>(\$ 994,404)</b>

The City’s current monthly premium rates are set too low in order to provide adequate funding to support annual medical/Rx claim cost. Lockton recommends increasing each of the City’s premium rate tiers to cover medical/Rx claim costs.

# Health Plan Fund Status Highlights

COV Current Funding Level:	Employee Recurring Budget		Retiree Recurring Budget		Total Recurring Budget		COV Proposed Deficit Funding:	Employee Deficit Funding		Retiree Deficit Funding		Total Deficit Funding	
	Funding	%	Funding	%	Funding	%		(\$629,821)		(\$364,583)		(\$994,404)	
General Fund	\$2,162,123	74.2%	\$ 266,775	74.6%	\$2,428,898	74.2%	General Fund	\$ 467,135		\$ 271,900		\$ 739,035	74.3%
Motel Tax Fund	2,839	0.1%	-	0.0%	2,839	0.1%	Motel Tax Fund	613		-		613	0.1%
Community Center Fund	39,007	1.3%	1,943	0.5%	40,950	1.3%	Community Center Fund	8,428		1,980		10,408	1.0%
VES Fund	5,523	0.2%	5,165	1.4%	10,688	0.3%	VES Fund	1,193		5,265		6,458	0.6%
IT Fund	51,307	1.8%	5,651	1.6%	56,958	1.7%	IT Fund	11,085		5,760		16,845	1.7%
Communication Fund	-	0.0%	3,708	1.0%	3,708	0.1%	Communication Fund	-		3,780		3,780	0.4%
Purchasing	16,569	0.6%	2,848	0.8%	19,417	0.6%	Purchasing	3,580		2,902		6,482	0.7%
Safety Fund	1,223	0.04%	-	0.0%	1,223	0.0%	Safety Fund	264		-		264	0.03%
Print Shop Fund	6,134	0.2%	2,848	0.8%	8,982	0.3%	Print Shop Fund	1,325		2,902		4,228	0.4%
CVB Fund	19,193	0.7%	-	0.0%	19,193	0.6%	CVB Fund	4,147		-		4,147	0.4%
MPO Fund	9,800	0.3%	-	0.0%	9,800	0.3%	MPO Fund	2,117		-		2,117	0.2%
Golf Fund	44,604	1.5%	-	0.0%	44,604	1.4%	Golf Fund	9,637		-		9,637	1.0%
Environ. Serv Fund	124,557	4.3%	10,022	2.8%	134,579	4.1%	Environ. Serv Fund	26,911		10,214		37,125	3.7%
Water/Wastewater Fund	431,712	14.8%	58,751	16.4%	490,463	15.0%	Water/Wastewater Fund	93,273		59,880		153,153	15.4%
Muni. Court Sec Fund	519	0.02%	-	0.0%	519	0.0%	Muni. Court Sec Fund	112		-		112	0.01%
<b>Total COV Premium Budget:</b>	<b>\$2,915,110</b>		<b>\$ 357,712</b>		<b>\$3,272,822</b>		<b>Total COV Premium Budget:</b>	<b>\$ 629,821</b>		<b>\$ 364,583</b>		<b>\$ 994,404</b>	

Current COV Recurring Premium Revenue Contribution: \$3,272,822  
COV Proposed Premium Revenue Contributions Increase: 994,404  
Lockton Proposed Recurring Premium Revenue Contributions: \$4,267,226



# Health Plan Fund Status Highlights


In order to improve the Health Plan Fund financial stability (working capital balance reserves and reduce the variance between current premium revenues and medical/Rx claim cost), staff is recommending to:

- Adjust City's (not employee's) Premium Rate Tiers and Fund 100% of the Deficit in FY 2021, if possible; or,
- Adjust City's (not employee's) Premium Rate Tiers and Fund Deficit Over 2 Fiscal Years, Adjusted for Inflation.
- Implement Lockton's proposed funding mechanism based upon actuarial monthly premiums to cover medical/Rx claim cost. Current fiscal year claim trends are being tracked and evaluated against assumed implementation of Lockton's proposed funding tiers; under this scenario, **as of February 2020, Health Plan Fund would indicate a surplus of approximately \$360,000.**

Current assumptions due not take into account potential savings realized from going to market for benefits

# FY-21 Budget Process (Next Steps)

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- May: CIP Discussion
  - June: Distribute Preliminary Budget to City Council
  - June 22, 23 & 24<sup>th</sup>: Budget Work Sessions
  - July: FY-21 Budget is Finalized
  - August: Official Public Hearings on Budget and Tax Rate
  - September: Formal Adoption
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# QUESTIONS

