

City of Chehalis

# Proposed Amendment to the 2020 Budget

8/24/2020

---

Presenter: Chun Saul

# Discussion

---

- Amendment to the 2020 Budget includes:
  - Rebalancing the General Fund
    - ✓ COVID19 Implications
    - ✓ Projected Revenue Reduction
    - ✓ Adjusting (Reducing) Expenditure Budget
  - Other Governmental Funds – Update revenue projections
  - Additional Budget Requests & Adjustments
    - ✓ Bond Issue (Fire Station)
    - ✓ Loan proceeds (Airport)
    - ✓ Grants – TBD & CARE Act FAA
    - ✓ Water/Sewer Projects
    - ✓ Other

# Rebalancing the General Fund – Summary

## Proposed Budget Amendment Summary:

- Revenue: Decrease \$392,500 (3.8% of original budget)
- Appropriations: Decrease \$405,012 (3.8% of original budget)
- Net Increase in Ending Fund Balance \$12,512

General Fund	2020 Current	2020 Proposed	Increase (Decrease)	Change % of Current Budget
	Budget	Amended Budget		
Revenues & Transfers in	\$ 10,294,652	\$ 9,902,152	\$ (392,500)	-3.8%
Expenditures & Transfers out	10,679,474	10,274,462	(405,012)	-3.8%
Net Revenues Over (Under) Expenditures	(384,822)	(372,310)	12,512	
Beginning Fund Balance	1,462,124	1,462,124	-	
Estimated Ending Fund Balance	\$ 1,077,302	\$ 1,089,814	\$ 12,512	
Estimated Ending Fund Balance % of Revenues	10.5%	11.0%		

# Rebalancing the General Fund – Revenue Projection Decrease \$392,500

---

## ➤ COVID-19 Implications on General Fund Revenues:

- **Sales Taxes:** Estimated 5% or \$254,000 reduction from original budget
  - ✓ As of July 2.3% or \$114,260 below the seven-month target.
  - ✓ *May require another budget adjustment before year-end as new information is received.*
- **Recreation Revenues:** Estimated 87% or \$179,850 reduction from original budget
  - ✓ Programs cancelled due to COVID-19

## Other budget adjustments - net increase 41K

- **Increase: \$109K**
  - State Shared revenues \$47K
  - Interlocal agreement for fire chief service to LCFD6 \$31K
  - State court administration grant received \$10K
  - Donations & Insurance reimbursements received \$21K
- **Decrease: \$68K**
  - Interest earnings \$10K
  - Facilities and space rentals \$46K
  - Building permit and plan check fees \$7K
  - Downtown Parking fees-permits \$5K

# Rebalancing the General Fund – Spending Budget Reduction \$405,012

---

## Summary by Major Categories:

### Payroll -\$349K (4.6% of current budget)

- Vacant positions: Police -\$162,500; Fire\* -\$28,100; Planning & Building -\$28,800
- Part-Time Staffing Reduction: Recreation -\$102,870; Facilities/Parks -\$23,500; Finance -\$13,000
- Street +\$6,800; Other adjustments +\$3K

\*Includes accrual cash outs for 4 employees in Fire department (\$71K originally budgeted in Compensated Absences Fund).

### Supplies -\$47K (9.6% of current budget)

- Facilities and Parks -\$30,000; Recreation -\$13,000; other -\$4K

### Services -\$23K (1% of current budget)

- Facilities/Parks and Recreation -\$63,500 (due to cancellation of programs/events)
- Prof. Services for Fire Marshal -\$45,000 (hired a PT staff); Plan Review/Building Inspector +\$32,100
- Council Strategic Planning (cancel one session) -\$6,000
- Regional 911 study +\$27,000; Rents/lease/utility for Temporary Fire Station +\$30,000

### Capital Expenditures \$9,520

- Delay purchase of cashiering and fixed assets software -\$30,280
- Purchase/Upgrade of permitting software +39,800

# Rebalancing the General Fund – Summary by Department

Fund/Department	Revenues & Transfers in Increase (Decrease)	Expenditures & Transfers out Increase (Decrease)	Fund Balance Increase (Decrease)	Current Estimated Ending Fund Balance	Amended Ending Fund Balance
<b>General Fund:</b>					
Local Retail Sales Tax	(246,900)		(246,900)		
Criminal Justice Sales Tax	(7,100)		(7,100)		
Shared Revenues	47,125		47,125		
Interest Earnings	(10,000)		(10,000)		
Other Revenues	21,485		21,485		
City Council	-	(7,200)	7,200		
Municipal Court	10,000	(9,200)	19,200		
City Manager	-	(750)	750		
Finance	-	(30,280)	30,280		
Legal Service	-	1,040	(1,040)		
Facilities & Parks	(46,000)	(76,900)	30,900		
Non-Departmental		(8,302)	8,302		
Human Resources	-	11,550	(11,550)		
Police	(5,400)	(149,000)	143,600		
Fire	31,140	(30,400)	61,540		
Street	-	6,800	(6,800)		
Planning & Building	(7,000)	38,800	(45,800)		
Recreation	(179,850)	(151,170)	(28,680)		
<b>Total General Fund</b>	<b>(392,500)</b>	<b>(405,012)</b>	<b>12,512</b>	<b>1,077,302</b>	<b>1,089,814</b>

# Other Governmental Funds – Summary

---

- **COVID-19 Impacts on Tax Revenues - Projections Based on YTD Received through July**
  - **Arterial Street Fund: Motor Vehicle Fuel Tax**
    - ✓ 15% or \$24,000 reduction from original budget (YTD is 11% below the seven-month target)
  - **Transportation Benefit District (TBD) Fund – TBD Sales Tax**
    - ✓ 5% or \$57,800 reduction from original budget (YTD is 1.9% below the seven-month target)
  - **Tourism Fund – Hotel/Motel Tax**
    - ✓ 20% or \$48,000 reduction from original budget (YTD is 11.3% below the seven-month target)
- **Interest earnings - LGIP interest rate drop (about 55% of 2020 original budget projection)**
  - 2019 Average interest rate 2.31% vs. 2020 YTD average interest rate 0.96% (July LGIP 0.31%)
- **Compensated Absences Reserve Fund**
  - Reduced appropriations \$71,488. Estimated accrual cash outs for fire department employees.
  - Will be absorbed by the General Fund.
- **TBD Fund**
  - Grant reimbursement for Kresky Avenue resurfacing project \$435,906
- **Public Facilities Reserve Fund**
  - Bond issue for Fire station land and temporary fire station \$1,725,000
  - Transfer in from General Fund \$7,853 (donations received for park facilities)
  - Increase appropriation for pool surfacing project change orders \$35,200

# Enterprise Funds – Budget Amendment Summary

---

## ➤ **Wastewater/Water/Stormwater Funds - Increase in appropriations \$701,164:**

- Snively Avenue Water/Sewer Project \$436,664
- Riverside Fore Main project \$140,000
- Waste Modification project \$108,000
- State B&O Tax rate increase \$9,700
- Street Superintendent currently vacant (plan to fill in Fall/Oct) \$6,800 (50% Stormwater)

## ➤ **Airport Fund – Net decrease in fund balance \$16,744**

- Draw of Community Aviation Revitalization Loan \$500K for Above Ground Storage project
- CARES Act FAA Grant \$69K – will be used to pay down the principal on the Arkansas Way Loan
- Fuel sales revenue increase \$80K to reflect more to actual (also increase fuel purchase expense budget by \$65K)
- Increase lease deposit \$15,256
- Increase for unexpected legal expense \$38K and federal grant audit fee \$9K



# Proposed 2020 Budget Amendment

## Other Funds Summary

Fund/Department	Revenues & Transfers in Increase (Decrease)	Expenditures & Transfers out Increase (Decrease)	Fund Balance Increase (Decrease)	Current Estimated Ending Fund Balance	Amended Ending Fund Balance
<b>Total General Fund</b>	<b>(392,500)</b>	<b>(405,012)</b>	<b>12,512</b>	<b>1,077,302</b>	<b>1,089,814</b>
<b>Other Funds</b>					
Dedicated Street	(4,280)	-	(4,280)	73,074	68,794
Building Abatement	-	7,000	(7,000)	59,632	52,632
Arterial Street	(25,200)	-	(25,200)	118,083	92,883
Transportation Benefit District	378,106	63,336	314,770	1,694,594	2,009,364
Tourism	(48,500)	-	(48,500)	101,648	53,148
Compensated Absence Reserve	-	(71,488)	71,488	129,060	200,548
LEOFF 1 OPEB Reserve	-	-	-	10,049	10,049
Community Development Block Grant	-	-	-	23,934	23,934
HUD Block Grant	-	-	-	87,647	87,647
Public Facilities Reserve	1,732,853	1,760,200	(27,347)	281,463	254,116
Automotive/Equip Reserve	-	-	-	42,188	42,188
First Quarter REET	-	-	-	209,247	209,247
Second Quarter REET	-	-	-	232,715	232,715
Garbage	-	-	-	8,122	8,122
Wastewater	-	473,832	(473,832)	5,305,872	4,832,040
Water	-	218,832	(218,832)	6,503,802	6,284,970
Storm & Surface Water	-	8,500	(8,500)	1,512,916	1,504,416
Airport	664,256	681,000	(16,744)	1,546,986	1,530,242
Firemen's Pension	1,325	-	1,325	963,923	965,248
Agency Fund	-	-	-	8,830	8,830
<b>Total Other Funds</b>	<b>2,698,560</b>	<b>3,141,212</b>	<b>(442,652)</b>	<b>18,913,785</b>	<b>18,471,133</b>
<b>Total City-Wide</b>	<b>2,306,060</b>	<b>2,736,200</b>	<b>(430,140)</b>	<b>19,991,087</b>	<b>19,560,947</b>

# City-wide Budget Amendment- Summary

---

The proposed budget amendment revises the current budgeted amount by a combined total decrease in fund balance by \$430,140 as provided below:

City-wide (All Funds)	2020 Proposed		Increase (Decrease)
	2020 Current Budget	Amended Budget	
Revenues & Transfers in	\$ 25,881,487	\$ 28,187,547	\$ 2,306,060
Expenditures & Transfers out	29,291,890	32,028,090	2,736,200
Net Revenues Over (Under) Expenditures	(3,410,403)	(3,840,543)	(430,140)
Beginning Fund Balance	23,401,490	23,401,490	-
Estimated Ending Fund Balance	\$ 19,991,087	\$ 19,560,947	\$ (430,140)

# Closing

---

➤ Questions?

➤ Recommendations:

- It is recommended that the City Council approve the proposed budget amendment and Pass Ordinance No. 1009-B on first reading