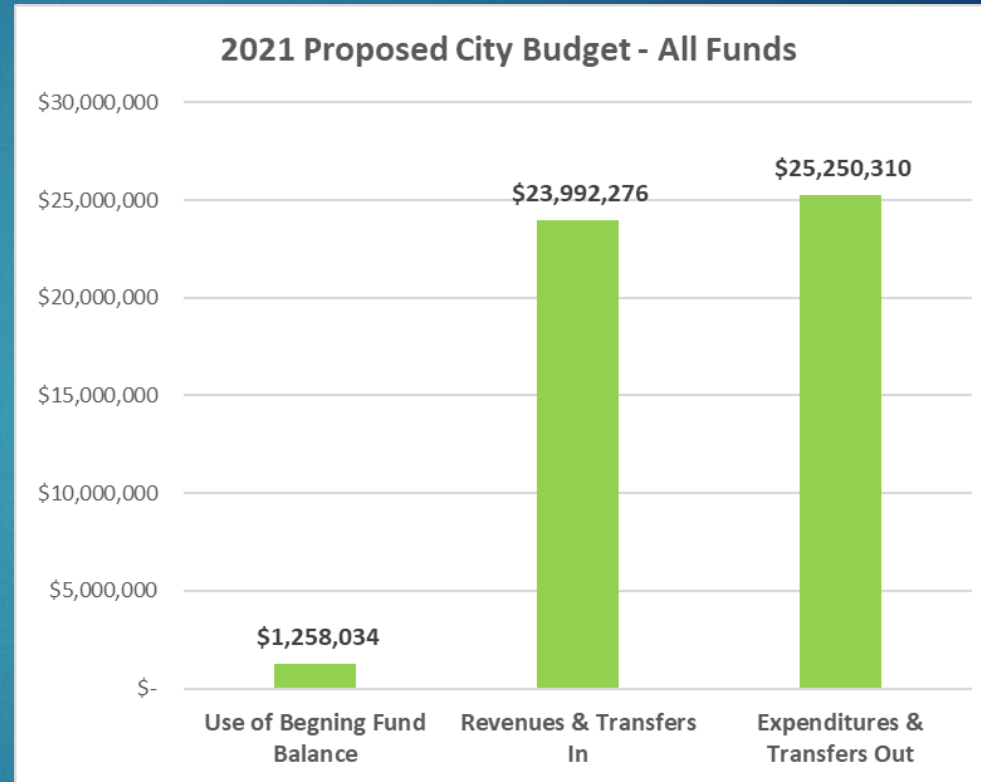


2021 Proposed Budget Public Hearing

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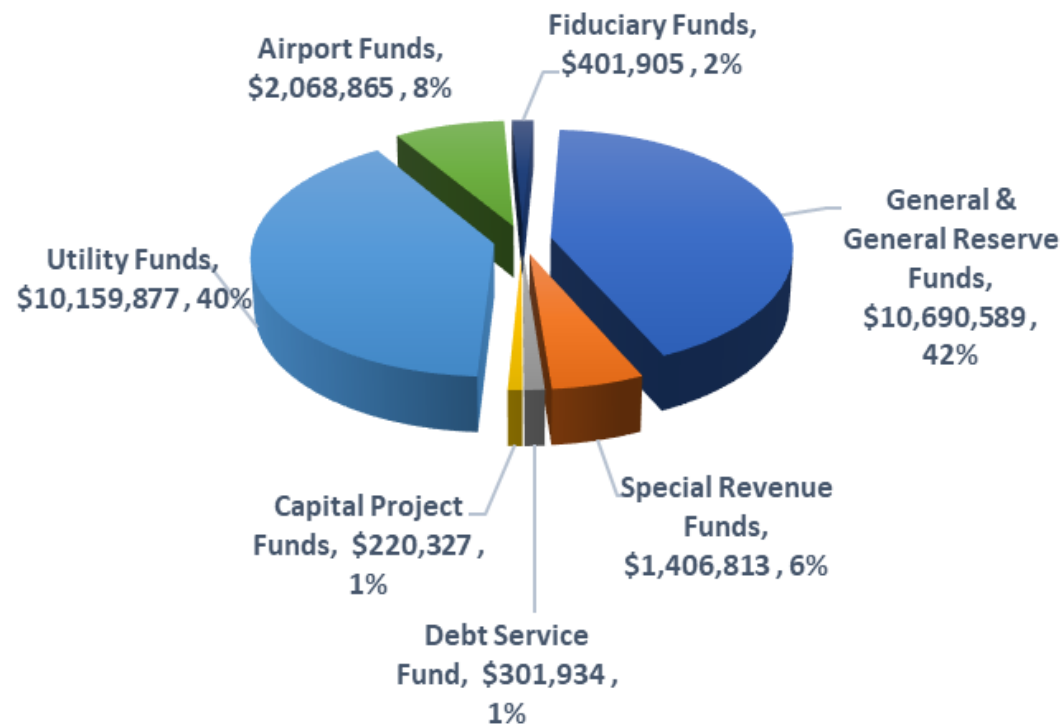
City-wide Budget At-A-Glance

- ▶ Total City's 2021 Proposed Budget is balanced with use of \$1.26 million beginning fund balance.
- ▶ *With the exception of the general governmental funds, use of beginning fund balance is related to one-time capital expenditures.*
- ▶ Expenditure Budget \$25.25M:
 - \$18.46M Operating
 - \$2.66M Debt Service
 - \$3.47M Capital
 - \$0.66M Transfers



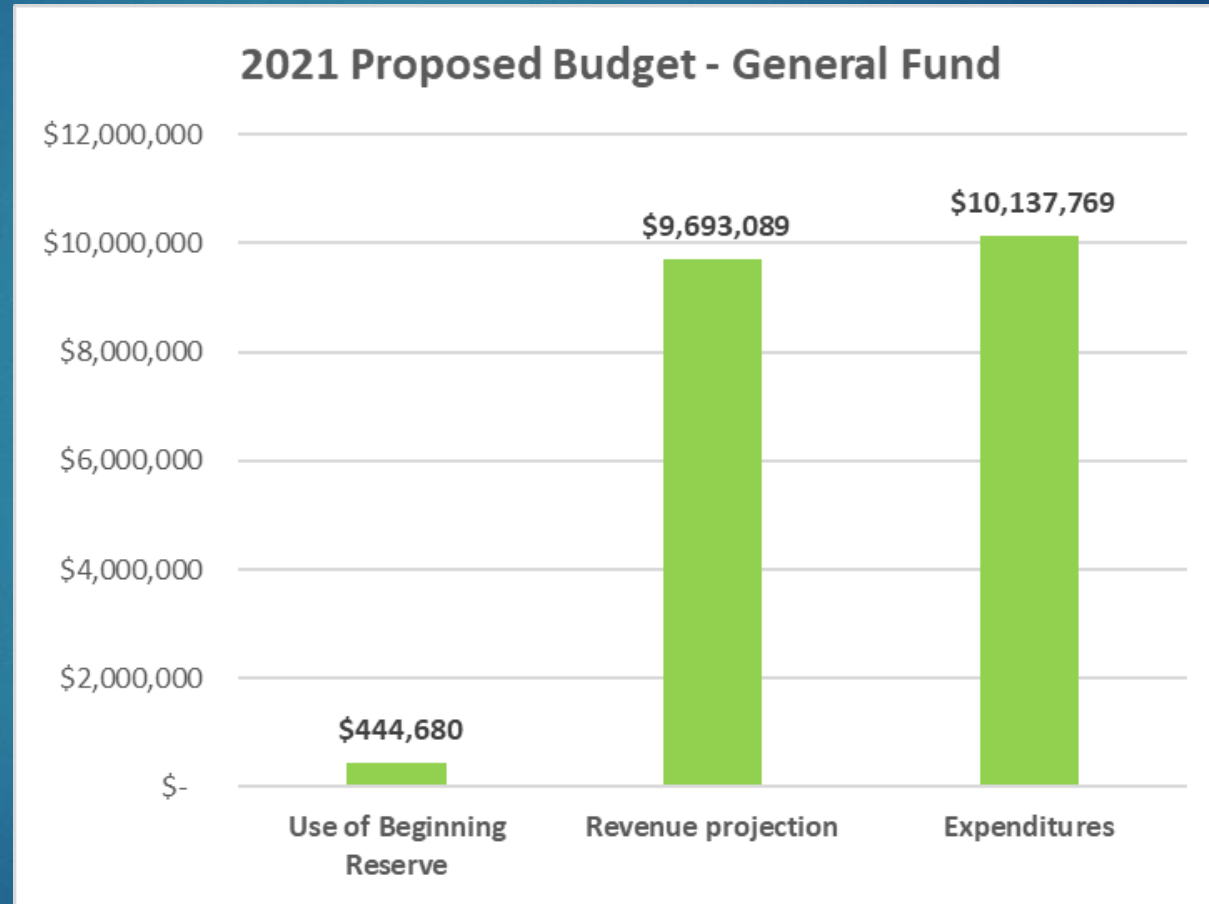
City-wide Budget At-A-Glance (continued)

**2021 Proposed City Budget by Fund Type
Expenditures & Transfers
\$25,250,310**



General Fund Budget Overview

- ▶ The 2021 Proposed Budget is balanced using **\$444,680** of General Fund Reserve (beginning cash).
- ▶ The Budget is not structurally balanced

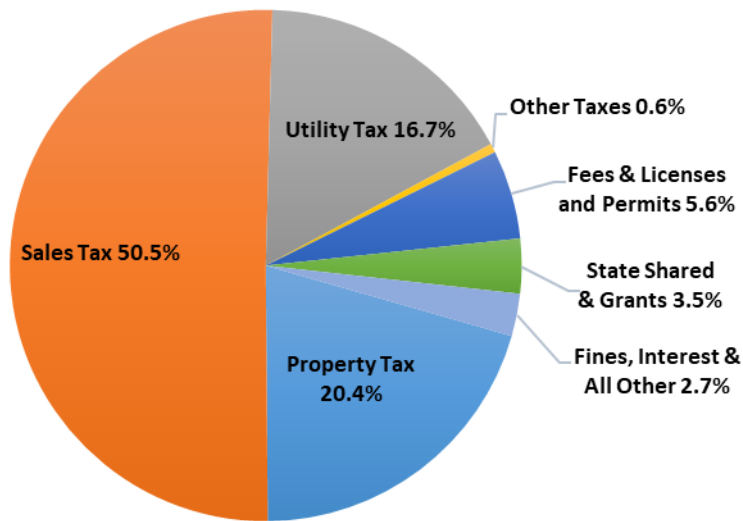


General Fund – Revenue Summary

▶ Revenues by Source: About 88% is from taxes

▶ 2021 Revenue Projection – Assumptions Used

City of Chehalis General Fund
2021 Total Revenue Budget \$9,693,089
Where The Money Comes From

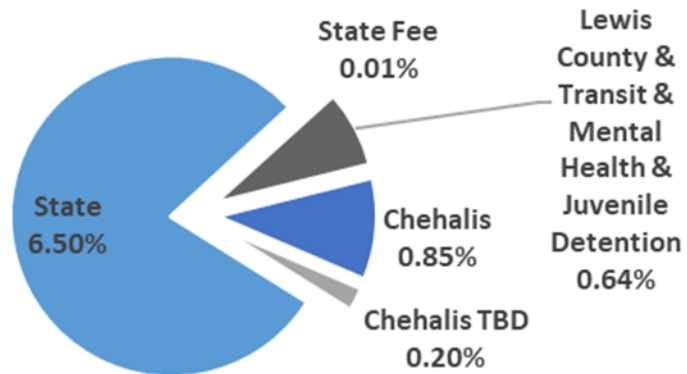


- ▶ **Sales tax:** at 95% of 2019 Actual; Not adjusted for potential increase or decrease of construction activities
- ▶ **Property Tax:** 1% statutory increase plus est. amounts for new construction and other adjustments
- ▶ **Utility tax:** 3-year average
- ▶ **State Shared Revenues** – MRSC estimator (most are based on population of 7,550 (as of April 1, 2020). Population grew by 15 from April 2019.
- ▶ **Recreation:** At 104% of 2019 level
- ▶ **All other:** 3-year average
- ▶ **Custodial receipts:** \$108K (i.e. state taxes and state court revenues) to moved to fiduciary funds

How the tax dollars are distributed

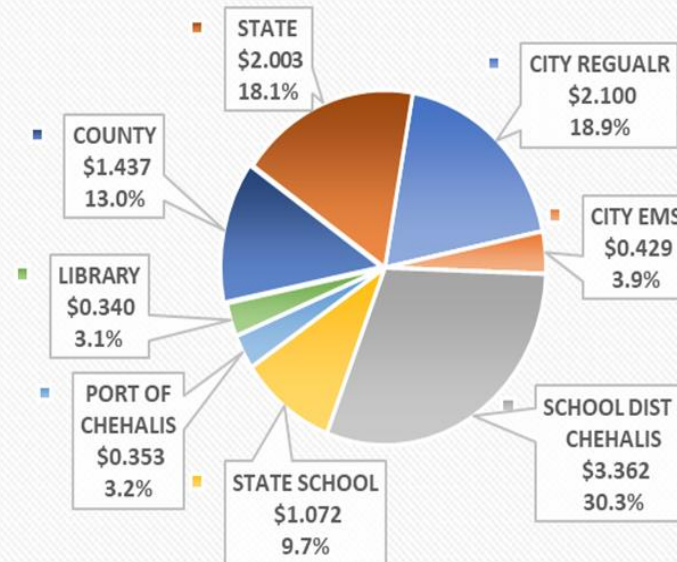
Local Sales Tax

City of Chehalis
Sales Tax Distribution 8.2%



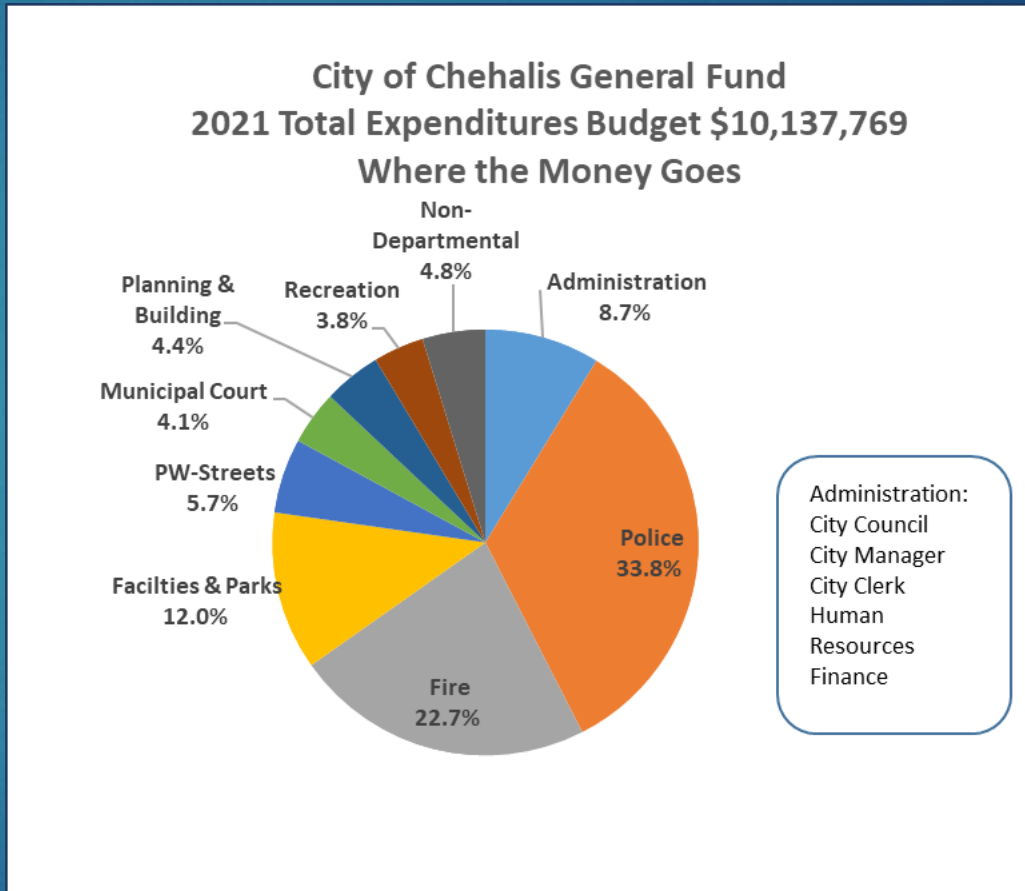
Property Tax

PROPERTY TAX DOLLAR DISTRIBUTION
CITY OF CHEHALIS TAX CODE AREA (TCA 020)
2020 TAX LEVY, TOTAL \$11.09701 PER \$1,000 AV



General Fund Expenditures Summary

- ▶ The 2021 Proposed General Fund expenditure budget totals **\$10,137,769**
- ▶ **56.5%** of the General Fund Budget is dedicated to Police and Fire.
- ▶ Salaries and benefits make up almost **73%** of the General Fund Budget.



General Fund Budget What's In

- ▶ RV Park restroom renovation \$50K
- ▶ New Variable Frequency Drive for the toy pump at the pool \$7K
- ▶ New filter pump for the pool \$7K
- ▶ Strategic Planning facilitator \$12K
- ▶ Seasonal help consistent with 2020 budget (reduced about 30% from 2019)
- ▶ One-time employee cash outs \$65K (\$200K moved to Compensated Absences Reserve Fund)
- ▶ One-time 1-month overlap payroll budget for staff transitions due to retirements \$28K
- ▶ COLA increase for all union represented and non-represented employees (2% - 3%) and scheduled STEP increases
- ▶ Increases for health insurance premiums (5% - 6%) plus 2% increase for loss of Well-city discounts.
- ▶ Est. \$0.225/\$1000 AV property tax to LEOFF 1 OPEB reserve fund \$166K
- ▶ 2.5% sales tax transfer to Dedicated Street Fund \$117K
- ▶ One-time fire department small equipment (replacement hose, MCTs & radios) \$51K

General Fund Budget What's Not In

- ▶ No use of property tax banked capacity
- ▶ No new revenues from fee increases
- ▶ No new additional positions in the General Fund
- ▶ No funds for new Fire Station A&E and Construction
- ▶ No funds for potential 9-1-1 Dispatch Options
- ▶ No additional funds for facility repairs and improvement reserves
- ▶ No additional funds for vehicle replacement reserves
- ▶ No additional funds for compensated absences and unemployment benefit reserves
- ▶ No rainy day funds
- ▶ Vacant / unfilled positions:
 - ▶ 1 Police Officer
 - ▶ 1 Parking Enforcement Officer (PT)
 - ▶ 2 Firefighter positions will be vacant for most of 2021
 - ▶ 1 Administrative Assistant – Recreation (PT)
 - ▶ 30% reduction in seasonal employees in Facilities and Parks
 - ▶ 50% reduction in hourly part-time financial analyst position in Finance

Where do we go from here?

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- ▶ Continue to monitor revenues and expenditures carefully
 - ▶ COVID-19 impacts on revenue – uncertainly remains high
 - ▶ Council Budget Committee meet quarterly
- ▶ Start planning for 2022 and beyond
 - ▶ As people retire, revisit the position
 - ▶ Identify potential new revenue
 - ▶ Continue to pursue Airport development opportunities to create new revenues for the long-term.

Recommendation

It is recommended that the City Council

- ▶ Open the public hearing on the 2021 Proposed Budget
- ▶ Accept public input on the 2021 Proposed Budget
- ▶ Close the public hearing
- ▶ Consider approval of the Ordinance No. 1013-B Adopting the 2021 Proposed Budget on first reading
 - ▶ Item Number 11 -- Scheduled under “New Business”

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