



## Legislation Text

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**File #:** 2020-0131, **Version:** 2

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Consider an ordinance adopting Amendment No. 1 to the FY 2019-2020 Operating Budget. (Second Reading)

### **Budget Reductions as a result of COVID-19**

The proposed amendment decreases the City's overall expense budget by a total of \$10 million. This is in response to the revenues lost as a result of the COVID-19 pandemic. This amendment will allow the budget to remain in balance by lowering expenses where there are potential savings. The Finance Department met with each department, to discuss and identify any savings for FY 2020. The recommendations are listed below:

- 1) *General Fund Budget Reductions:* Finance recommends that the General Fund budget be decreased by \$8.97 million to offset the anticipated loss of \$8.95 million of revenues as a result of the COVID-19 pandemic. Realized savings are a result of position vacancies and savings in both personnel and operating accounts. The General Fund amendment includes allocating an additional reserve to allow the City Manager to pay unanticipated COVID response related expenses and/or restore programs or vacant positions in the event that revenue conditions improve late in the fiscal year.
- 2) *Multipurpose Fund Budget Reductions:* Finance recommends that the Multipurpose Fund budget be decreased by \$107,000 to offset some of the anticipated loss of \$240,000 of revenues as a result of the COVID-19 pandemic. Realized savings are a result of position vacancies and savings in both personnel and operating accounts. This will result in a use of excess fund balance because on-going revenues will not cover on-going expenses. This is allowed under the Budget Contingency Plan section of the City's adopted Financial Policy due to the economic crisis. The fund does remain in compliance with debt and operating reserve requirements.
- 3) *Sports Center Fund Budget Reductions:* Finance recommends that the Sports Fund budget be decreased by \$216,000 to offset some of the anticipated loss of \$1.1 million of revenues as a result of the COVID-19 pandemic. Realized savings are result of position vacancies and savings in both personnel and operating accounts. This will result in a use of excess fund balance because on-going revenues will not cover on-going expenses. This is allowed under the Budget Contingency Plan section of the City's adopted Financial Policy due to the economic crisis. The fund does remain in compliance with debt and operating reserve requirements.

- 4) *HOT Fund Budget Reductions:* Finance recommends that the HOT Fund budget be decreased by \$720,000 to offset some of the anticipated loss of \$2 million of revenues as a result of the COVID-19 pandemic. Realized savings are a result of position vacancies and savings in both personnel and operating accounts. This will result in a use of excess fund balance because on-going revenues will not cover on-going expenses. This is allowed under the Budget Contingency Plan section of the City's adopted Financial Policy due to the economic crisis. The fund does remain in compliance with debt and operating reserve requirements.
  
- 5) *Utility Fund Budget Reductions:* Finance recommends that the Utility Fund budget be decreased by \$366,000 to account for department savings in response to the COVID-19 pandemic. Realized savings are a result of savings in both personnel and operating accounts. Revenue impacts for the Utility Fund are not anticipated at this time, but these savings will prepare the fund for any long-term revenue uncertainties resulting from COVID-19.
  
- 6) *Drainage Fund Budget Reductions:* Finance recommends that the Drainage Fund budget be decreased by \$266,000 to account for department savings in response to the COVID-19 pandemic. Realized savings are a result of savings in both personnel and operating accounts. Revenue impacts for the Drainage Fund are not anticipated at this time, but these savings will prepare the fund for any long-term revenue uncertainties resulting from COVID-19.