

A photograph of a garden scene. In the foreground, there are numerous small white daisies with yellow centers. Behind them, there are tall, thin blue flowers. In the background, a white building with a dark base is visible, along with some dry grass and other plants.

# Tentative Budget Adoption

June 8, 2020



# Overview of Presentation



- Changes from City Manager Recommended Budget
- Revenue/Resources Overview
  - Summary
  - Changes from City Manager Budget
  - Assumptions and update
- Expenses/Uses Overview
  - Summary

# Changes from City Manager Recommended Budget

# FY2021 Budget



## CHANGES FROM CITY MANAGERS RECOMMENDED BUDGET

### City Managers Recommended Budget

589,828,800

### Modifications

1 FS 181 & 186 Operating Costs	192,400
2 Court Supervisor Position through Fill the Gap	100,000
3 Court Specialist II Position through JCEF	80,000
4 CDBG Entitlement Preparation	50,000
5 Traffic Signals various changes	(999,600)
6 Relocate SCADA Control Room – Removed from CIP	(761,800)
7 Ballpark Retaining Wall Stabilization - Removed from CIP	(1,600,000)
8 Carryover Adjustments	530,000
9 Formula errors in recommended budget schedules	2,500
10 Special Contingency increase by net General Fund changes	11,983,400
	<u>9,576,900</u>

### FY2021 Tentative Budget

599,405,700



# Changes from City Manager Budget

## FY2021 GENERAL FUND BEGINNING BALANCE INCREASE

- FY2020 Changes
  - \$10.0M CARES Act reimbursement for public safety expenses
  - \$0.2M close out Police Asset Management fund
- \$10.2M One-Time FY2021 General Fund Resource

# Non-Represented Compensation



**NO CHANGE TO BUDGET TOTAL**

- 2.5% ongoing increase
- Remove one-time 2.5% lump sum in July
- Revisit ability to increase mid-FY2021

Note:

Represented per memorandum of understanding – Steps, 2.5% market, other adjustments to wages and benefits



# Position Changes from FY2020

1 POSITION REDUCTION NOTED IN CITY MANAGER BUDGET PRESENTATION\*

	Full-time	Part-time FTEs	Total
FY2020	640	40.8	680.8
▪ Recreation Campus-Parks*	12	5.4	16.4
▪ Recreation Campus-Public Works	1	-	1.0
▪ Convert 6 Part-time to Full-Time in Parks	6	(6.0)	-
▪ Water	3	-	3.0
▪ Wastewater	5	-	5.0
FY2021 Total	667	40.2	706.2

# Revenue and Resources Overview

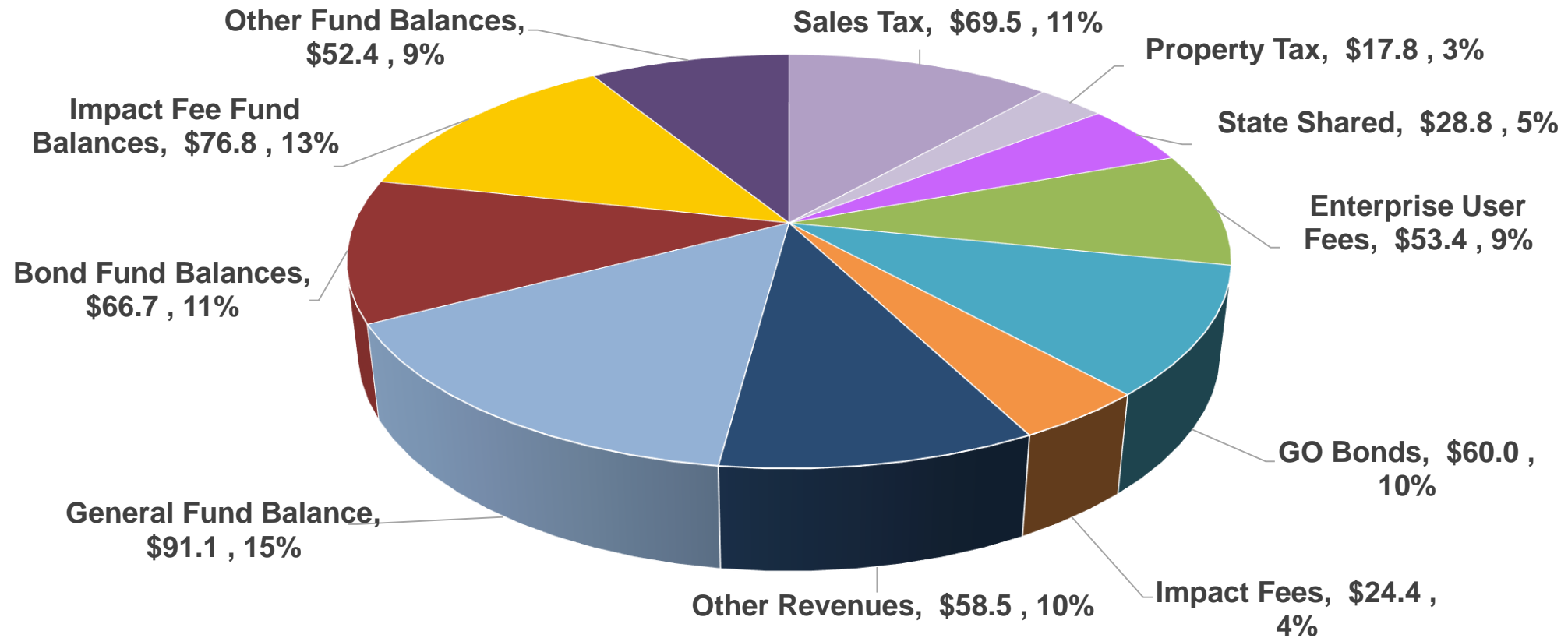


# FY2021 All Funds Budget – Where the Money Comes From



**\$599.4 MILLION**

In millions

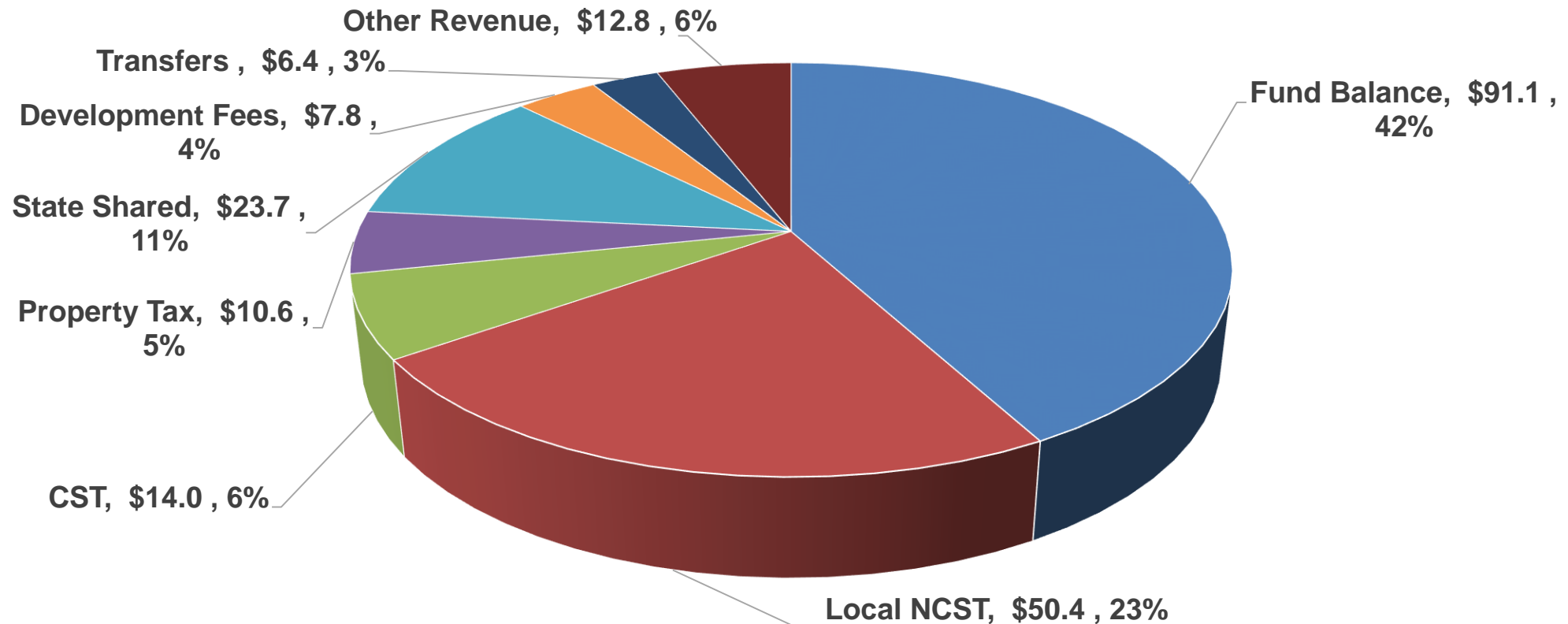


# FY2021 General Fund Budget – Where the Money Comes From



**\$216.8 MILLION IN RESOURCES**

In millions



# FY2021 Budget Framework Within Economic Downturn



## REVENUES WITH REDUCED ESTIMATES FOR FY2020 AND FY2021

- Spring Training ticket/concessions revenue (FY2020 only)
- AZSTA
- Sales Taxes
- HURF shared gas tax revenues

# Local Non-Construction Sales Taxes



- Deepest losses for hotel/motel, amusement
- Deep loss for restaurant and bar
- Moderate decline in retail
  - Internet sales taxable beginning in October
- Food for Home Consumption
  - Spike in March
  - Maintain estimates above prior year throughout

# Sales Tax Recovery Assumptions



- April is bottom
- Slightly lower reductions in May and June
- Slow steady improvement throughout FY2021
- Larger growth in March-June 2021 due to significant reductions in same months in 2020
  - Returns to month over month growth pattern more consistent with FY2019



# March Local Sales Tax Results



UTILITIES, HOTEL/MOTEL, USE TAX WERE BELOW ESTIMATE

In dollars

	2019 Actual	2020 Actual	2020 Estimate	% Change from Prior Year	Actual Over/(Under) Estimate
Retail	1,835,900	2,272,500	1,690,700	24%	581,800
Retail-Food for Home	304,200	450,400	380,300	48%	70,100
Restaurant and Bar	1,054,200	814,300	632,500	-23%	181,800
All Others	1,249,600	1,096,300	1,069,700	-12%	26,600
<b>Total Non-Construction</b>	<b>4,443,900</b>	<b>4,633,500</b>	<b>3,773,200</b>	<b>4%</b>	<b>860,300</b>
Construction (GF Share)	1,050,600	1,767,400	1,470,800	68%	296,600
<b>Total</b>	<b>5,494,500</b>	<b>6,400,900</b>	<b>5,244,000</b>	<b>16%</b>	<b>1,156,900</b>

# Property Tax Rates and Levies – Known Tax Base



**RATES ARE PER \$100 OF ASSESSED VALUATION**

	FY2020 Levy	FY2020 Rate	FY2021 Levy	FY2021 Rate
PRIMARY General Fund Ongoing	\$ 9,767,426	\$ 1.0619	\$ 10,608,060	\$ 1.0330
SECONDARY GO Bond Debt Service	\$ 6,175,100	\$ 0.6713	\$ 7,193,200	\$ 0.7005
TOTALS	\$ 15,942,526	\$ 1.7332	\$ 17,801,260	\$ 1.7335

Goodyear Property Tax - \$100,000 home      **\$ 173.32**

Goodyear Property Tax - \$105,000 home (maximum 5% appreciation)      **\$ 182.02**

# State Shared Revenue

NO NEW INFORMATION FROM LEAGUE/ADOR YET

- Sales and vehicle licenses taxes
  - City staff estimates in budget
- Income tax
  - Known tax base due to 2 year lag in formula
- Population proportion change
  - No estimates in budget

# Development Activity Related

- No decline anticipated
- Normal conservative revenue estimate for FY2021
- Development user fees
  - Ongoing equal to ongoing costs
  - 50% of one-time supplemental costs
- Construction sales tax
  - 9 month collections are more than 2 times prior year
  - FY2021 consistent with pre-pandemic estimates

# Rate and Fee Studies in Process



- No changes in budget; mid-FY2021 Council actions
- Studies in progress
  - Water, Wastewater, Solid Waste
    - Surface water project called for annual rate increase
    - Rate changes normally implemented in January
  - Storm Water program and fee structure
  - Citywide non-enterprise



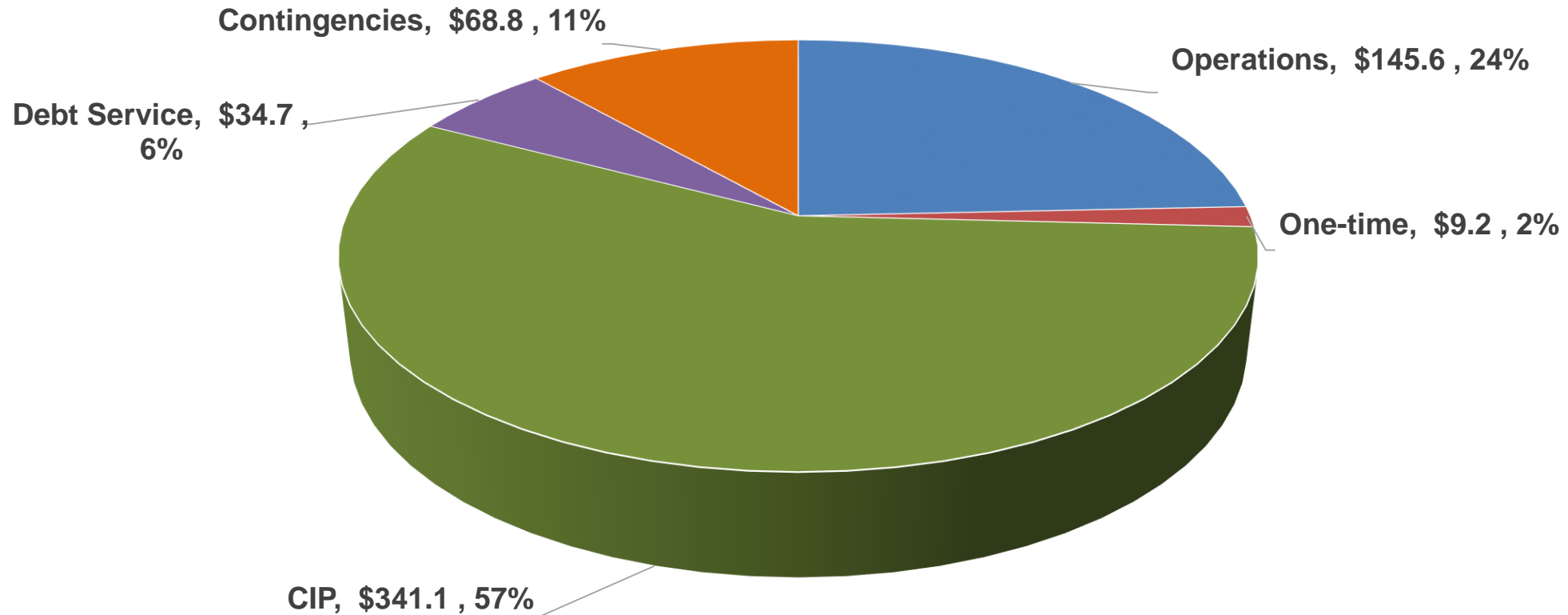
# Expenditures/Uses Overview

# FY2021 All Funds Budget – Where the Money Goes



**\$599.4 MILLION**

In millions

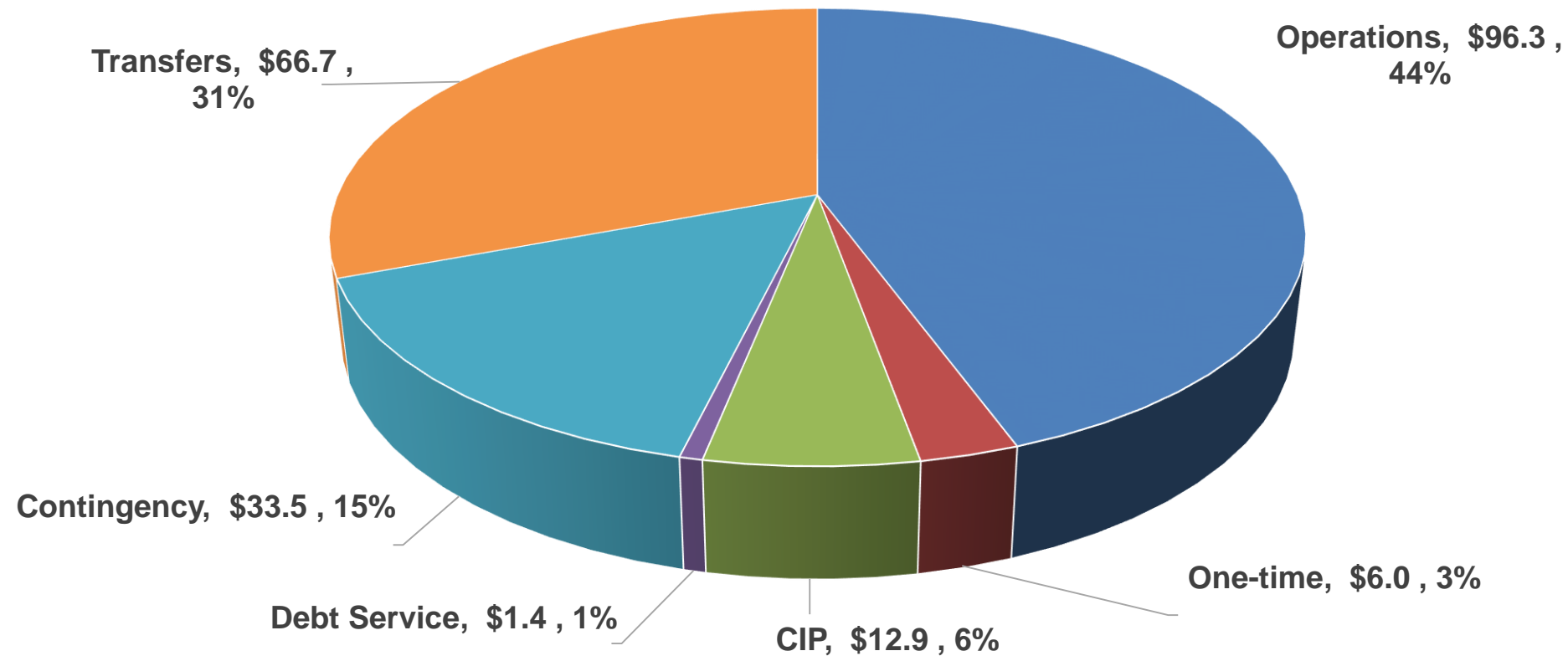


# FY2021 General Fund Budget – Where the Money Goes



**\$216.8 MILLION**

In millions

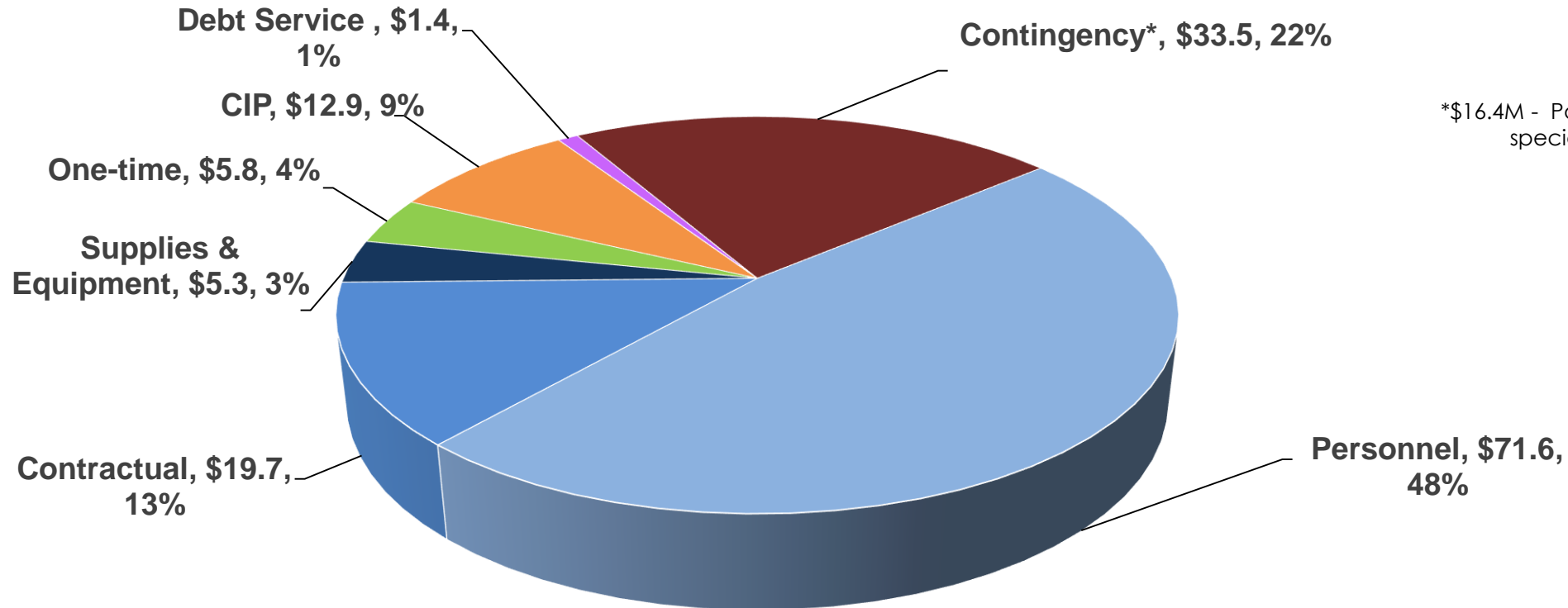


# FY2021 General Fund Budget – Where the Money Goes



**\$150.2 MILLION**

In millions



\*\$16.4M - Policy Level; balance is special contingency

# Operating Budget

**\$96.3 MILLION**

- Base Budget
  - Maintains existing programs and service levels
  - Full employment
  - Contractual and inflationary increases
- Salary and benefit changes
- 'Must Do' ongoing supplementals
  - Capital project operating costs
  - Obligations
  - Council priorities



# CIP Accounting and Budgeting Change



## ALL MULTI-FUNDED PROJECTS

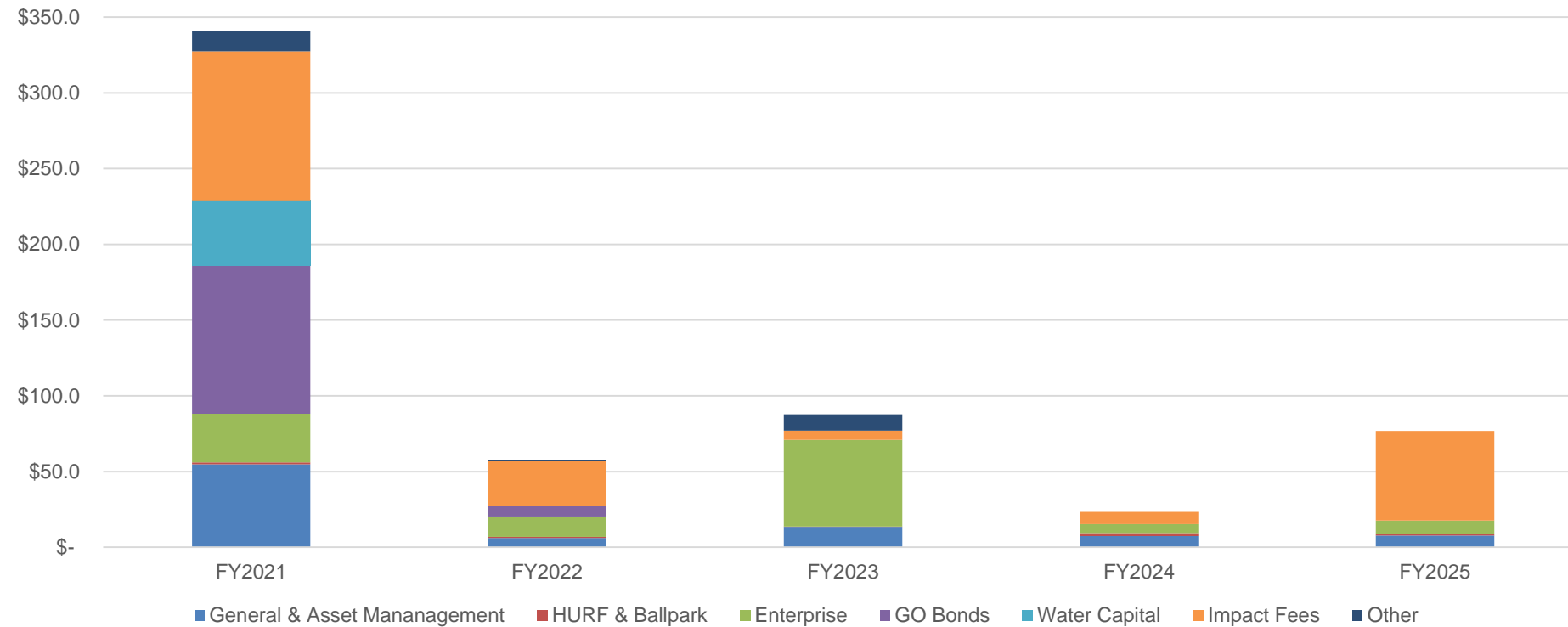
- Use a single capital project fund
  - Moves budget appropriation and spending to the proper capital project fund
  - Uses interfund transfers to move resources from planned funds
- Benefits
  - Allows Finance to control fund spend down
  - Simplifies for departments on day-to-day basis

# Five-Year CIP by Ultimate Funding Source



**\$586.8 MILLION**

In millions

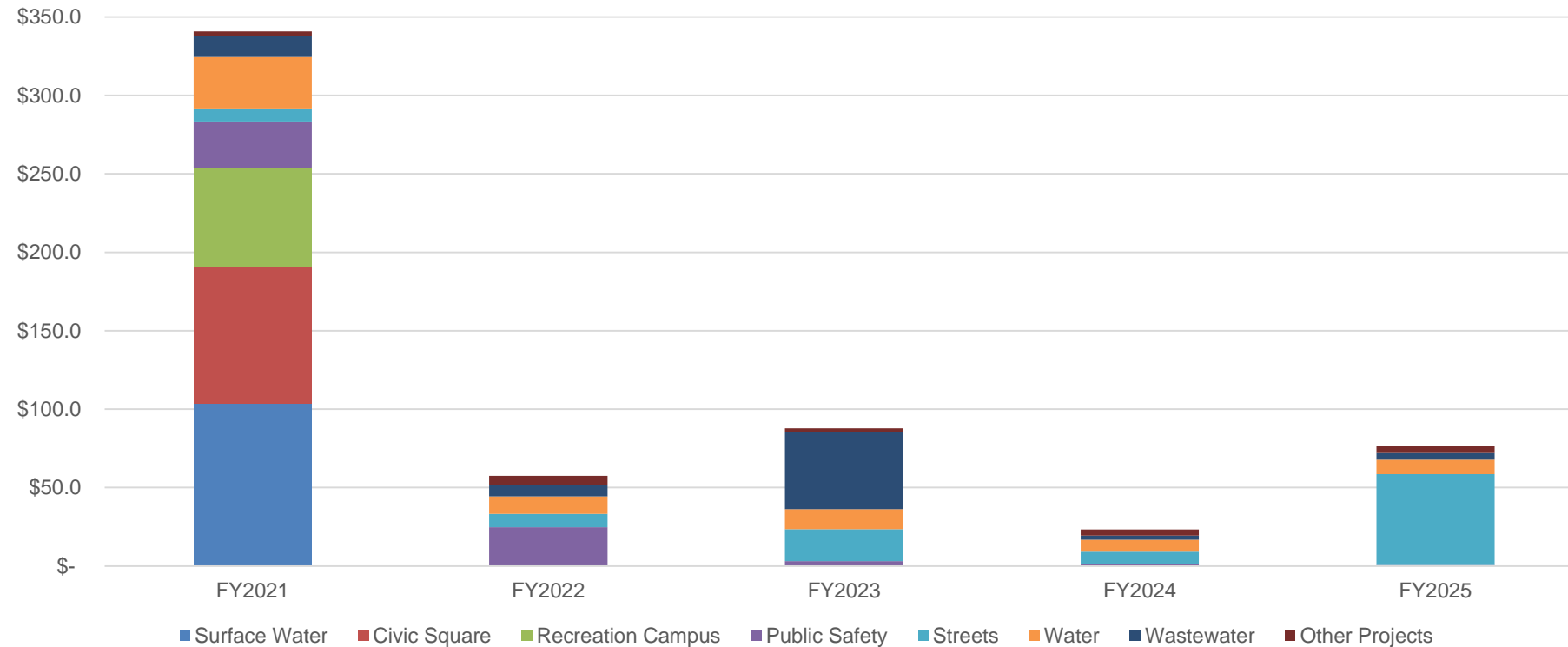


# Five-Year CIP by Major Program/Projects



**\$586.8 MILLION**

In millions



# Contingency for Unknowns in Uncertain Economy



## GENERAL FUND SPECIAL CONTINGENCY

Fund Balance	\$ 91.1 M	- Provides capacity for mid-year changes such as non-represented compensation, additional supplementals and/or capital projects
Revenues	119.4 M	
Transfers from Other Funds	6.4 M	
Expenses	(116.6) M	
Transfers to Other Funds	(66.7) M	
15% Contingency	<u>(16.4) M</u>	- Provides capacity to absorb extended/deeper impacts of pandemic
Special Contingency	<u>\$ 17.1 M</u>	

# Financial Policy Compliance



## BUDGET POLICY 1

### General Fund Budget by Ongoing and One-Time (in millions)

	Ongoing	One-Time	Total
Fund Balance	\$ -	\$ 91.1	\$ 91.1
Revenue	115.0	10.8	125.8
Op Cost Set-Aside	(4.1)	4.1	-
Available	\$ 110.9	\$ 106.0	\$ 216.9
Expenses	\$ (109.9)	\$ (107.0)	\$ (216.9)
Remaining	\$ 1.0	\$ (1.0)	\$ -



Recommend Adoption of  
FY2021 Tentative Budget of  
\$599,405,700  
Resolution 2020-2035