

AGENDA ITEM #: \_\_\_\_\_

DATE: June 22, 2020

CAR #: 2020-6897



## CITY COUNCIL ACTION REPORT

**SUBJECT:** Final adoption of the FY2021 budget

**STAFF PRESENTER(S):** Lauri Wingenroth, Finance Manager-Budget and Research

**OTHER PRESENTER(S):** None

### **Summary:**

The \$599,405,700 FY2021 budget is unchanged from the Tentative Budget approved by City Council on June 8, 2020.

Arizona Revised State Statutes require that Arizona municipalities adopt a tentative budget to set the maximum expenditure cap for the year. With the adoption of the tentative budget on June 8, 2020, the Council set its maximum “limits” for expenditure, which may be reduced upon final adoption. A summary of the approved tentative budget was published in the Southwest Valley Republic on June 12, 2020 and June 17, 2020 and a public hearing has been held today (June 22, 2020) consistent with requirements of state law.

The final step to complete FY2021 budget adoption, the primary and secondary property tax levies, are scheduled for July 6, 2020.

### **Recommendation:**

ADOPT RESOLUTION NO. 2020-2036 DETERMINING AND ADOPTING THE FINAL ESTIMATES OF PROPOSED REVENUES AND EXPENDITURES BY THE CITY OF GOODYEAR FOR FY2021 BEGINNING JULY 1, 2020 AND ENDING JUNE 30, 2021.

### **Fiscal Impact:**

The FY2021 Budget totals \$599,405,700. It is balanced for the General Fund and within resources for Asset Management, Enterprise, Special Revenue, Capital, and Debt Service funds. The use of utility revenue, impact fee and excise tax, and/or property tax supported bond funding is anticipated for capital projects and to provide upfront financing for impact fee projects that must be constructed prior to the full revenue stream. Actual issuance of new bonds will depend on the pace of project expenditures and may not be required until future fiscal years. The budget also includes an interfund loan from the Impact Fee share of Construction Sales Taxes to the Parks Impact Fee funds due to the construction of the 30-acre park in advance of fee revenues.

A budget must be adopted to establish spending priorities and the appropriations to allow the City to conduct its financial business.

## **Background and Previous Actions**

The FY2021 budget process began in the late summer with departments submitting their initial list of new capital project requests as part of a 3-step Capital Project Improvement Program (CIP) budget process that stretched through January. In October, departments began preparing base budget estimates and updating existing CIP project costs and timelines if needed and by December had also submitted supplemental budget addition requests. All of these estimates and requests are reviewed by Budget and Research and with the executive team. In the case of capital projects; Engineering Project Management, Information Technology, and Procurement were involved in reviews. The represented labor negotiation process began in the winter and progressed throughout March.

In early January, the Council provided insight into initial budget priorities in discussions at a retreat. On February 3, 2020, in a work session, the City Council received an economic update by Jim Rounds, a local economist, and the five-year General Fund forecast. This was followed by Council adopting the financial policies on February 24, 2020 with the key impact to the FY2021 budget being an increase from \$4.5 million to \$5.1 million for the portion of construction sales tax treated as ongoing revenue.

In March, due to the sudden, unexpected uncertainty in the economy from local and national responses to the worldwide pandemic, the budget adoption schedule was pushed back as far as permissible under state law, county requirements for property tax billing and collection, and city council meeting schedules. The City Manager presented a recommended budget on May 5, 2020 which focused on continuing existing programs and services, fair compensation for employees, meeting obligations, opening new capital facilities, and continuing the capital improvement program. That budget provided budget capacity and a large Special General Fund contingency given the high levels of uncertainty.

Council adopted the Tentative Budget on June 8, 2020 and a summary of the approved tentative budget was published in the Southwest Valley Republic on June 12, and June 17, 2020 consistent with requirements of state law. Further, state required budget forms are posted on the website, where it must remain for five years, and is also available at the library and City Clerk Office. Truth In Taxation requirements were also followed. Earlier today, the required public hearing was held.

## **Staff Analysis**

The FY2021 Final Budget has not changed from the Tentative Budget presented and adopted on June 8, 2020 and is in compliance with adopted financial policies.

## **Attachments**

Resolution 2020-2036  
State Budget Forms